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CIS

IMPACT OF THE ADMINISTRATION'S PROPOSED BUDGET CUTS ON CHILDREN

JOINT HEARING

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT
COMMITTEE ON WAYS AND MEANS

AND THE

SUBCOMMITTEE ON
HEALTH AND THE ENVIRONMENT
COMMITTEE ON ENERGY AND COMMERCE
HOUSE OF REPRESENTATIVES

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IMPACT OF THE ADMINISTRATION'S PROPOSED BUDGET CUTS ON CHILDREN

WEDNESDAY, MARCH 3, 1982

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON OVERSIGHT OF THE COMMITTEE ON WAYS AND MEANS; AND SUBCOMMITTEE ON HEALTH AND THE ENVIRONMENT OF THE COMMITTEE ON ENERGY AND COMMERCE,
Washington, D.C.

The subcommittees met at 9:40 a.m., pursuant to notice, in room 1100, Longworth House Office Building, Hon. Charles B. Rangel (chairman of the Subcommittee on Oversight) and Hon. Henry A. Waxman (chairman of the Subcommittee on Health and the Environment) presiding.

[Press release announcing the hearing follows:]

[Press release of February 25, 1982]

HON. CHARLES B. RANGEL (D-N.Y.), CHAIRMAN, SUBCOMMITTEE ON OVERSIGHT, COMMITTEE ON WAYS AND MEANS, AND HON. HENRY A. WAXMAN (D-CALIF.), CHAIRMAN, SUBCOMMITTEE ON HEALTH AND THE ENVIRONMENT, COMMITTEE ON ENERGY AND COMMERCE, U.S. HOUSE OF REPRESENTATIVES, ANNOUNCE A JOINT HEARING ON THE IMPACT OF THE ADMINISTRATION'S PROPOSED BUDGET CUTS ON CHILDREN

Chairmen Rangel and Waxman today announced that their Subcommittees will hold a joint hearing on the Administration's proposed budget cuts in programs that serve the children of our nation. The hearing will be held on Wednesday, March 3, 1982, in Room 1100 Longworth House Office Building and will begin at 9:30 a.m.

The Administration, in its fiscal year 1983 Budget, has proposed major reductions in a variety of health, nutrition, education, child care and support programs that provide essential services to children. Most of these programs suffered substantial cuts under the Administration's fiscal year 1982 budget.

The Subcommittees expect to hear testimony as to the impact of these reductions and the effect further cuts in these and other programs will have upon the health and welfare of children in this country.

Witnesses at the hearing will include: Bill Cosby, an advocate of children's rights and a noted entertainer; Marion Wright Edelman, President of the Childrens Defense Fund; Nancy Amidei, Executive Director of the Food Research and Action Center; Jack Calhoun, Director for the Center of Governmental Affairs of Child Welfare League; Barbara Blum, New York State Commissioner of Social Services; the Honorable Carol Bellamy, the New York City Council; Dr. John W. Scanlon, Director of Neonatology, Columbia Hospital for Women; Laurie Flynn, adoptive mother and Chairwoman of the North American Council of Adoptable Children; and Edythe M. Rogers, of the Richmond Urban Institute. Those programs expected to come under discussion include: Aid to Families with Dependent Children (AFDC); Medicaid; Maternal and Child Health Services; School Lunch Programs; Child Welfare Services; Day Care; Foster Care; Adoption; and the Food Program for Women, Infants and Children (WIC).

Chairmen Rangel and Waxman also announced that their Subcommittees would be pleased to receive written statements from any interested organizations for inclusion in the printed record of the hearing. These statements will be given the same full consideration as though the statement had been presented in person. A minimun of five copies of the statement should be submitted by March 31, 1982, to John

J. Salmon, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515, telephone (202) 225-3627.

Mr. RANGEL. The joint subcommittees will come to order.

The Subcommittee on Oversight of the Ways and Means Committee and the Committee on Energy and Commerce, Subcommittee on Health and the Environment, chaired by Henry Waxman, who is here with us this morning, have joined today to receive additional testimony on the impact of the administration's budget cuts on a broad range of health, nutrition, welfare, and educational programs which serve children and their families.

In recent weeks the Ways and Means Committee has held a series of oversight hearings in cities throughout the United States. The full committee set out across the country to examine firsthand the reality of the administration's budget cuts. We wanted to look beyond the administration's mirage of statistics and grandiose scenarios to the human beings hidden behind them. We wanted to hear from real people about the effects which the cuts were having on their well-being. We wanted to learn about the impact of the President's budget cuts on the stability and adequacy of programs established by the Congress over the years to sustain and enhance the lives of needy and disadvantaged Americans.

We sought to determine whether State and local governments have the capacity to administratively and fiscally manage the full range of the programs for which they were now to be made responsible.

During the 5 days of hearings, the committee heard from and learned from over 90 witnesses from Baltimore to Indianapolis, from Detroit to Sacramento and Seattle.

And the conclusions were identical: Despite the President's assurances that the administration's plan preserves a safety net, the major cuts have been made in those programs specifically designed to assist those least able to help themselves—children, working mothers, the handicapped, the disabled, and the elderly.

These cuts have had severest impact on those who are just on the verge of self-sufficiency, pushing them back into total dependency. The cuts have arbitrarily and indiscriminately emasculated programs without regard to their merit, beneficial results, or cost-effectiveness.

Private initiative and voluntarism cannot fill the void created by the cuts. Neither can the States nor the local governments have the ability to meet the increased needs of their citizens occasioned by the budget cuts.

Our hearing today represents a continuation of those field hearings, focusing special attention on programs serving children and their families. Although the administration continues to pay lip service to the principle of preserving essential services for children, it continues in practice to undermine the very programs that would assure the delivery of those services. And the effects, I believe, are a source of great concern to all of us.

I am seriously concerned about our Nation's children when the administration that claims to be pro-family cuts away at the support of services that would keep families together during times of crises.

I am seriously concerned about our Nation's children when the President speaks of the growing number of pages of want ads in the Washington Post, and at the same time whittles away at job training programs for disadvantaged youth.

I am seriously concerned about our Nation's children when an administration that claims to be pro-children proposes cuts in programs that provide nutrition and health care for pregnant women, programs that have been shown to be effective in decreasing the risks of premature births, low birth weight babies, and birth defects.

I am seriously concerned about our Nation's children when the administration proposes to compel women with young children to work and at the same time reduces resources for day-care programs that have already been underfunded.

I am concerned about our Nation's children when the administration pays for the innoculation of pets of its military personnel and at the same time cuts programs that pay for innoculations for our youngsters.

I am seriously concerned about our Nation's children when the administration talks about increasing worker productivity and at the same time cuts funds for education and training for disadvantaged youth.

The administration has already cut programs that address the needs of our children by $10 billion in fiscal year 1982 and is now proposing additional cuts of at least $8 billion.

But dollars alone do not tell the true story. Children who are undernourished, in poor health, neglected or unable to obtain education or training will in fact be our legacy if we allow the administration to continue to dismantle the programs that have been undertaken during the past 50 year. The mistakes that we make now, if we allow them to be made, will have terrible long-range costs in human as well as in monetary terms.

Our objective, therefore, today is to assess how serious the disparity between our rhetoric and actions have become and to determine, with the assistance of today's witnesses, what the consequences are likely to be if we do not act to prevent the further erosion of the essential programs for the children of our Nation.

We are looking forward to hearing from a distinguished array of witnesses today, and we thank them, sincerely thank them, for coming.

For the record, I would like to note that we have invited representatives from the administration, from both the Department of Health and Human Services and the Department of Agriculture, to testify at this hearing. But they were unable or unwilling to do so.

I would like to hear from the chairman from the Health and Environment Subcommittee of the Committee on Energy and Commerce, Congressman and Chairman Henry Waxman.

Mr. **WAXMAN**. Thank you, Mr. Chairman.

Last November, Chairman Rangel, you and I traveled to Memphis, Tenn., to look at the impact of the President's fiscal year 1982 budget cuts. What we found was appalling. A Mississippi maternal and child health official told us that the State's health clinics, which handle just under half of the live births in the whole State, would be crippled by the 24-percent slash in maternal and child health funding.

The director of a newborn intensive care unit at the City of Memphis Hospital, which handles 1,200 extremely sick babies each year, told us that the medicaid and the AFDC cuts would mean such serious revenue losses to his facility that life-preserving services could no longer be available to all high-risk babies.

Today we will look at the impact of the President's proposed fiscal year 1983 budget cuts. The numbers are even more discouraging. Mr. Reagan proposes to cut another $2.1 billion from the medicaid program, the main source of funding for medical care for poor children. This is in addition to $900 million in cuts already due to go into effect in fiscal year 1983 because of last year's budget cuts.

Mr. Reagan proposes to cut the maternal and child health services block grant and related supplemental food programs for women, infants, and children by $282 million. The maternal and child health program was cut last year by $108 million.

Mr. Reagan proposes to consolidate the community health centers and family planning programs into a block grant, despite the explicit rejection of such a proposal by Congress last year.

I am at a loss to understand how these proposed budget cuts are consistent with President Reagan's view that our future as a nation lies in the healthy development of our children.

It is difficult to avoid the conclusion that the administration, in the words of the Children's Defense Fund, has declared war on children. Even before the full impact of last year's cuts has been felt, we are beginning to recognize the human consequences. Last month the Richmond Times Dispatch reported that poor pregnant women in southwest Virginia's Washington County are already having serious difficulty getting prenatal care or finding a hospital in which to deliver their baby.

Last month the Gainesville, Fla., Sun reported that an area hospital recently refused to admit a woman who was already in labor and had no money, property, or insurance. The woman was rushed to another hospital, but arrived too late. The baby was born in the hall.

At this point I would request unanimous consent to include in the record the documentation for these and other similar incidents, which were made available at the subcommittee's request by the National Health Law program.

[The information referred to follows:]

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Please Reply to:

February 26, 1982

The Honorable Henry Waxman
Chairman
Subcommittee on Health and the Environment
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Waxman:

In recent months, the National Health Law Program has received increased reports of indigents being turned away when seeking medical care. Particularly alarming is the denial of care to poor children and pregnant women.

We submit the following litany of "horror" stories as written testimony for your March 3, 1982 hearing on the impact of the President's proposed budget. These histories serve as a disturbing indictment of a federal policy to provide less, not more health care for the nation's impoverished.

Alabama, April 1981

In a letter to Congressman Madigan, Robert L. Goldenberg, former Director of the Alabama Bureau of Maternal and Child Health noted that:

> "From personal experience alone as an obstetrician practicing in Alabama, I can site numerous examples in which women were turned away from hospitals. On at least six occasions in the last two years, I have seen a woman who started her labor at home in North Alabama and who had stopped in five or six hospitals trying to seek admission before she came to University Hospital in Birmingham. In another example within the last year, a woman seven months pregnant with two previous stillbirths and a blood pressure so high as to be immediately life-threatening was denied admission to the hospitals in Montgomery. Health Department personnel personally drove her to University Hospital in Birmingham over 100 miles away. In addition, I receive numerous reports throughout the year of similar situations which occur throughout the state."

FUNDED BY THE LEGAL SERVICES CORPORATION

Alemeda County, California: December 1981

Children's Hospital Medical Center of Oakland California is planning two actions which will be disastrous for the poor children of the community. The hospital plans to:

(1) "close or severely curtail all of our various outpatient clinics, departments and centers". The hospital which treats more than 100,000 outpatients yearly says it is "forced" to take this action because about "seventy-five percent of the outpatients are in the Medi-Cal program or could otherwise be classified as indigent".

(2) "implement a strict credit policy for outpatients". Non-emergency care will be denied all children unless their parents make a cash deposit or they have Medi-Cal or other insurance coverage."

Los Angeles, California: July 1980

In a series of articles on patient dumping in Los Angeles, two Independent Press Telegram reporters found that:

(1) "A substantial number of patients who are hemorrhaging are being moved from private hospitals to county-operated institutions even before the extent of their bleeding is defined or the bleeding is fully brought under control.

(2) "Many victims of accidents resulting in serious head injuries are moved, although little or no effort is made to assess the extent of their injuries or to determine if the ambulance ride to the county hospital will compound the injuries' effects.

(3) "Many of these patients are moved even though they are in shock or in comas.

(4) "Badly injured or seriously ill patients who should be admitted quickly to intensive care units are first kept waiting, often for four to twelve hours, in emergency rooms until arrangements are made to shunt them over to a county hospital."

The reporters detailed a few of the inappropriate transfers including, a 23 year old pregnant accident victim who died because of an inappropriate transfer and a 6 year old boy who lay unconscious at a private hospital for six hours before being transferred (he was not breathing when he arrived at the public hospital).

Los Angeles, California: April 1980

According to a March, 1981 California Board of Medical Quality Assurance report, a woman seeking emergency care at East Los Angeles Doctor's Hospital had a "ruptured ectopic pregnancy", was "actively bleeding...in shock" and "barely responding to intravenous fluids and plasmanate." A surgeon arrived approximately an hour after the patient's arrival and obtained permission for surgery from her husband. The patient was prepared for surgery. As the patient was about to go into the operating room, the doctor learned she did not qualify for Medi-Cal and had no insurance. The doctor then "demanded $1000 in cash prior to performing the surgery." The family did not have the money and the doctor cancelled the surgery. Approximately four hours after her arrival in the emergency room, the patient was transferred to Los Angeles County-University of Southern California Medical Center where surgery was performed. She was "in critical condition at the time of transfer."

San Diego, California: February 1981

El Cajon Valley Hospital, a for-profit facility owned by American Medical International lost a $300,000 wrongful death suit. The hospital had turned away a small 4 year old boy because his mother had forgotten to bring his Medicaid card to the hospital. The boy died later of spinal meningitis.

San Diego, California: November 1981

El Cajon Hospital (see above incident) announced it planned to cut its intake of Medi-Cal funds from 20% of overall revenue to 5%.

San Diego, California: December 1981

Children's Hospital announced it would have to substantially reduce the $1 million worth of free care it had been providing the city's poor children.

San Jose, California: July 1981

On July 4, 1981, a pregnant woman was accidentally shot in the arm as she watched a fireworks display in San Jose, California according to an article in the San Jose Mercury. She was taken to the nearest hospital but was told she would have to go to the county facility because the hospital could find no orthopedist willing to remove the bullet. "They said that because I was on Medi-Cal, they couldn't find a surgeon that would treat me." The medical director of the area's Professional Standards Review Organization stated that "rejection of Medi-Cal or Medicaid recipients is not uncommon."

Gainesville, Florida: February 1982

According to an article in the Gainesville Sun, two hospitals in Gainesville, Florida are playing ping-pong with poor pregnant women. Recently, Shands hospital adopted a policy of refusing to provide delivery care to every second "low-risk" indigent women women who is not on Medicaid. Alachua General Hospital, the other hospital in town, however, says it cannot accept these women either and refuses to make arrangements to provide them care. Thus, women wait until the end stages of labor before going to one of these hospitals. In a recent episode, because of this policy a baby was born unsupervised in the hall of the second hospital.

Doctors in Gainesville were asked in the summer of 1981 to supervise the births of low-risk women without Medicaid at cut-rate prices. They refused.

Shands' hospital reports its infant mortality rate for high risk women is climbing because the obstetrical ward is overflowing.

Orlando, Florida: February 1981

The Orlando Regional Medical Center has slashed pre-natal programs by 50% because of federal budget cuts.

Bibb County, Georgia: June 1981

A black man took his daughter to Coliseum Park Hospital in Bibb County, Georgia. She was in labor and her doctor, who had staff privileges at the hospital, told her to go to Coliseum Park (an HCA owned facility). The daughter was taken into the labor room. Some time later, the admitting clerk found out that the laboring women had no private insurance. The clerk did not mention Medicaid and no determination of the daughter's possible eligibility was made. It was six o'clock in the evening when the clerk told the father that he had to immediately bring in $1000 in cash or his daughter would be transferred to the public hospital. The father argued that he could not raise the money. The clerk then made a phone call to someone in the hospital who confirmed the decision -- no $1000, no care. At this point, the clerk discovered the father was related to the doctor and relucntly agreed to let the daughter stay if the father promised to bring in $1000 the next day.

Central Georgia: February 1981

According to Linnis Cook of Georgia Legal Services, high-risk poor pregnant women in Central Georgia are forced to travel three hours to obtain delivery care at Talmadge Hospital in Augusta. The state will pay only $100 of the cost of an ambulance if one is needed. Private hospitals in the Central Georgia Counties (e.g.

Pulaski and Laurens) will not accept poor high-risk women in labor as there is no state or county reimbursement system to pay for the care. A three hour ride during labor for high-risk pregnant women is extremely dangerous.

Mississippi and Virginia: January 1982

A series of articles in the Richmond Times-Dispatch on infant mortality in the south noted that:

(1) In the Mississippi Delta indigent women are "often forced to drive a couple of hours to the University of Mississippi Medical Center in Jackson, the nearest hospital that welcomes those who cannot pay."

(2) Washington County in Virginia has only two obstetricians, neither of whom will accept poor, uninsured women. One doctor refused an indigient women care unless she brought $50 in cash to every appointment. In the Tidewater region of Virginia, one local hospital requires a $1000 payment before delivery. In the Hampton area, only two private obstetricians are accepting new Medicaid patients. Virginia recently dropped a $1.4 million program that was paying for hospitalizations of indigent mothers with pregnancy complications and their babies.

Chambersburg, Pennsylvania: October 1981

According to Lea Judson, Paralegal, Pennsylvania Legal Services, pregant women on Medicaid in Chambersburg, Pennsylvania are unable to find obstetricians willing to treat them. Of particular concern is the adament refusal by a local obstetrical group practice to see Medicaid recipients. This group practice has a "virtual monopoly" in obstetrical care in the area and is the only provider of care to women with pregnancy complications.

AFDC women, whose only income is welfare are being harrassed for payment of doctors' bills as high as $800 because this practice will not accept Medicaid.

Documentation of these "horror" stories are enclosed.

The National Health Law Program greatly appreciates your efforts to insure health care for poor mothers and children. We will continue to keep your subcommittee informed of these access problems as they are brought to our attention.

Sincerely,

Geraldine Dallek

Geraldine Dallek
Health Policy Analyst

GD/er

Enclosure

Expecting a Baby? Better Be Able to Pay . . . or Else

By **LINDSEY GRUSON**
Sun Staff Writer

2/6/82

Sheila Newman is poor, pregnant and worried. The Hawthorne teen-ager's baby, her second, is due in two months. But area doctors and hospitals are refusing to make arrangements to deliver the child until she proves she has enough money to pay her maternity bills.

"I hope I'll muddle through," Newman said between shuttling from one hospital to another and one doctor to another. "I'm due April 1 and if I go into labor, they'll be forced to accept me or I'll sue them." Even then, however, hospitals may refuse to admit her unless she can prove she will be able to pay the bill — which, she admits, she can't.

A Sun
Special Report

One area hospital, for instance, recently refused to admit a woman in labor because she didn't have money, property or insurance, according to Cathy Nell, a Gainesville health planner. Instead, the woman was rushed to another hospital, where she arrived minutes too late. The baby was born in the hall.

Mother and child were lucky and both are doing well. But county health officials fear other poor mothers and children may be less fortunate. The officials are concerned that some woman will develop complications during her unsupervised delivery, injuring either mother or child or both.

Ironically, the problem so far remains largely limited to poor — but not destitute — women who are healthy and whose deliveries are likely to be trouble-free.

If they're sick or if their deliveries promise to be troublesome, some programs remain to pay for their care.

(See MATERNITY on Page 12A)

Maternity

From Page 1A

And hospitals remain eager to provide it. But "healthy" women just above the proverty threshhold fall through a crack at the interface of federal, state and county safety nets.

Hospital administrators admit the snafu makes them appear cold-blooded and indifferent. But officials at Shands Hospital and Alachua General Hospital insist they are fulfilling their social responsibilities.

The problem, they say, is the recession, budget cuts and the crisis in health care costs.

Hard times are forcing hospitals have to act more like businesses to survive.

"We're going through an era of financial reconsideration. It's not a hospital issue. It's a social issue," said AGH President Edward Peddie. Added Dr. Charles Mahan, who runs the Maternal Infant Care Project (MIC) at Shands: "That's Reaganomics."

The snafu is one of the early holes to open in the new fiscal safety net. In the '60s, when funds were more readily available and reimbursement more likely, hospitals competed to serve the indigent. But hospitals now are squeezed for money and scrambling to cut costs. One of their first targets has become indigent care, especially services that are not supported by some kind of public assistance.

Although the problem has surfaced most dramatically in the Gainesville area, at least 30 to 40 cities and counties across the country are experiencing similar difficulties, according to national health care experts. Federal pre-natal and infant care programs already have been cut by 25 to 33 percent. Other child care programs have been lumped together in block grants, allowing states to demphasize their importance and reduce their funding further. The Orlando Regional Medical Center, for instance, says it has slashed pre-natal programs by 50 percent because of federal budget cuts.

"It's becoming more or less of a general situation," said Gabriel Stickle, senior vice president of the March of Dimes, which has received several dozen reports similar to Newman's. "People of limited means, who are not completely indigent, are having a hard time finding care." And next year's budget cuts will aggravate the problem, he redicted.

It will take at least two more years before infant mortality statistics measure the impact of the cuts. But, Stickle said, he fears the worst — the country's recent progress in preventing death during birth will be halted and, perhaps, reversed. "There's a direct and measurable relationship between pre-natal care and the survival rate of mothers and infants," he said.

In the last 80 years, the United States has lowered its infant mortality rate from 100 per 1,000 live births in 1900 to 11.9 per 1,000 in 1981. Despite that progress, however, America still ranks 14th in the world in preventing infant deaths, a leading yardstick in measuring the quality of a country's health care system. Sweden's infant mortality rate, by contrast, is 7.3 per 1,000.

The area is among the first to feel the effect of the budget cuts on natal programs because it never involved the entire medical establishment in delivering care for pregnant poor women. Since the mid '60s, Alachua and area counties have relied on Shands. But Shands, which used to recruit poor pregnant women to provide medical students with hands on experience, now says it has neither room nor money to continue doctoring all low risk women.

MIC's Mahan said Shands' infant mortality rate for high risk women is climbing because the obstetrics ward is overflowing. The flood of low risk, non-paying patients demands "time and energy" that should be focused on problematic patients, he said.

Shands, however, remains eager to serve women who can pay and poor patients who qualify for public assistance. So administrators insist the only way to relieve serious overcrowding on the obstetrics ward is to refer every second pregnant poor woman, who isn't covered by some type of public assistance, to Alachua General.

Officials at AGH, however, know the hospital won't be paid for the service and refuse to make arrangements to provide care. They also insist the hospital can't afford to provide the care for free. Besides, they say, AGH already spends 8 percent of its income on indigent care. The officials say Shands receives state and federal funds to pay for the service and should provide it.

"They (Shands administrators) want to fill the hospital with people who will pay more," said Dr. Thomas Young, an AGH obstetrician. Adds Peddie: "Money is going to Shands. They can't keep the money and get rid of the patient. If they're going to take the money, they better take the patients."

Gainesville's obstetricians also have come to enjoy the status quo. Last summer, when Shands first said it would refuse to serve half the "healthy" pregnant poor women, health planners asked the doctors to supervise the deliveries at cut-rate prices. They declined, according to Carol Brady, an area health planner.

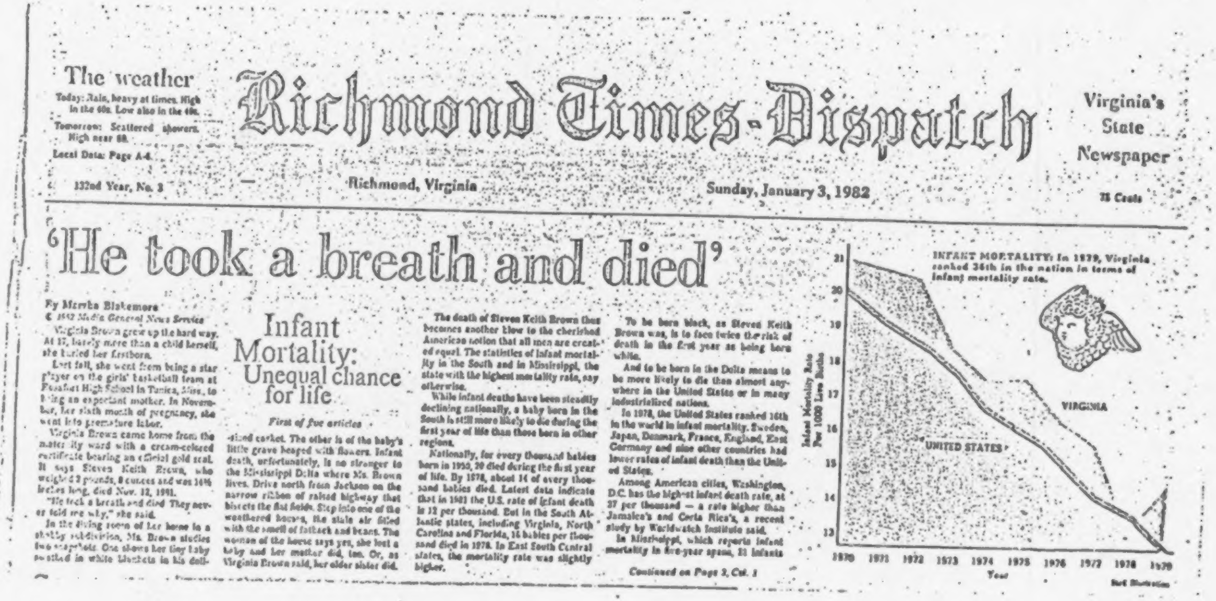
So for several months last year, representatives from AGH and Shands sat down with health planners, county officials and area doctors in an unsuccessful attempt to design a new method of caring for the women. But each participant did little except blame the others for the snafu, according to several participants. "While other counties spent time working out details all we did here was discuss whether a problem existed," said Cathy Nell, director of the North Central Florida Health Planning Council.

The task force ultimately issued a 60-page report that urged Alachua County to establish a $600,000 program to reimburse area doctors and hospitals for any care provided the poor women. But the county commission balked at the price tag. Instead, it added $60,000 to the county health department's budget for prenatal clinics and set aside an additional $65,000 to reimburse physicians and hospitals — provided they agree on an acceptable system.

But hospitals and area obstetricians so far have refused to compromise.

So women like Newman, who this week found out she may qualify for Medicaid, are caught in the middle, with Shands referring them to AGH and AGH to Shands.

"It's a stalemate," said Nell. "When it comes time to deliver, it's every man for himself. Alachua feels Shands is paid to do it. Shands says there isn't enough money. I don't know who is going to make the next move. We're trying to work out something so patients aren't caught in the middle and pulled limb from limb."



The weather
Today: Rain, heavy at times. High in the 60s. Low also in the 60s.
Tomorrow: Scattered showers. High near 60.
Local Data: Page A-4.

Richmond Times-Dispatch

Virginia's State Newspaper

132nd Year, No. 3 — Richmond, Virginia — Sunday, January 3, 1982 — 35 Cents

'He took a breath and died'

By Martha Blakemore
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Infant Mortality: Unequal chance for life

First of five articles

Virginia Brown grew up the hard way. At 17, barely more than a child herself, she buried her firstborn.

Last fall, she went from being a star player on the girls' basketball team at Rosalie High School in Tunica, Miss., to being an expectant mother. In November, her sixth month of pregnancy, she went into premature labor.

Virginia Brown came home from the maternity ward with a cream-colored certificate bearing an official gold seal. It says Steven Keith Brown, who weighed 2 pounds, 8 ounces and was 14½ inches long, died Nov. 12, 1981.

"He took a breath and died. They never told me why," she said.

In the living room of her home in a shabby subdivision, Ms. Brown studies two snapshots. One shows her tiny baby swathed in white blankets in his doll-sized casket. The other is of the baby's little grave heaped with flowers. Infant death, unfortunately, is no stranger to the Mississippi Delta where Ms. Brown lives. Drive north from Jackson on the narrow ribbon of raised highway that bisects the flat fields. Step into one of the weathered houses, the stale air filled with the smell of fatback and beans. The woman of the house says yes, she lost a baby and her mother did, too. Or, as Virginia Brown said, her older sister did.

The death of Steven Keith Brown thus becomes another blow to the cherished American notion that all men are created equal. The statistics of infant mortality in the South and in Mississippi, the state with the highest mortality rate, say otherwise.

While infant deaths have been steadily declining nationally, a baby born in the South is still more likely to die during the first year of life than those born in other regions.

Nationally, for every thousand babies born in 1950, 20 died during the first year of life. By 1978, about 14 of every thousand babies died. Latest data indicate that in 1981 the U.S. rate of infant death is 12 per thousand. But in the South Atlantic states, including Virginia, North Carolina and Florida, 16 babies per thousand died in 1978. In East South Central states, the mortality rate was slightly higher.

To be born black, as Steven Keith Brown was, is to face twice the risk of death in the first year as being born white.

And to be born in the Delta means to be more likely to die than almost anywhere in the United States or in many industrialized nations.

In 1978, the United States ranked 16th in the world in infant mortality. Sweden, Japan, Denmark, France, England, East Germany and nine other countries had lower rates of infant death than the United States.

Among American cities, Washington, D.C. has the highest infant death rate, at 27 per thousand — a rate higher than Jamaica's and Costa Rica's, a recent study by Worldwatch Institute said.

In Mississippi, which reports infant mortality in five-year spans, 21 infants

Continued on Page 2, Col. 1

INFANT MORTALITY: In 1979, Virginia ranked 36th in the nation in terms of infant mortality rate.

Staff Illustration

South leads nation in rate of infant deaths

Continued From First Page

of every thousand live births died in the first year of life in 1974-78, the latest figures available. Black babies died at a rate of 28 per thousand, and in some Delta counties 43 of every thousand died.

The rate of infant mortality is generally used as an indicator of the overall health status of a locality. The rate of infant deaths per thousand live births is linked to the availability of medical care and the effect of medical care on health.

No one knows precisely why the accident of birth in one region of the United States should carry a far greater risk of death than birth in another.

"It all seems to add up to disparities between poor people and non-poor people, between white and black," said Dr. Arden Miller, a nationally recognized authority in the area at the University of North Carolina's school of public health.

[illegible] Photo by [illegible]

At 17, Virginia Brown lost her firstborn. She came home with only a death certificate

Poverty and the lack of early prenatal care play a major role in infant death. Many of the conditions which lead to handicaps or death can be identified and treated in pregnancy. High-risk pregnant women can be referred to especially equipped hospitals for delivery.

At gravest risk of dying are infants weighing under 5½ pounds. Poor nutrition, smoking and alcohol contribute to low birth-weight babies. So does having babies too close together. Teen-age mothers are more prone to premature labor and to bear low birth-weight infants whose lungs or other vital organs are not fully developed.

If a baby goes home to substandard living conditions, he has to fight increased risk of respiratory ailments, parasites and infections which lead to death. Impure water or unsafe sanitation cause diarrhea which can quickly lead to dehydration and death. Inadequate heating and ventilation increase the odds of respiratory problems that without prompt medical attention can kill a tiny baby.

Over the last decade, the medical community has been focusing on saving high-risk, low birth-weight infants in super-technology intensive care units. Such heroics are effective but costly. In Florida last year, an average 21-day stay in a newborn intensive care nursery cost $12,000.

Intensive care and high technology are the major reason infant death rates are declining. Yet the root problem remains. The proportion of American babies born with low birth weights has not diminished in 25 years, Dr. Miller points out. The discrepancy in infant death rates among regions and races still persists.

Infant mortality is a problem as ageless and seemingly as intractable as poverty itself.

Before birth, the baby whose mother is poor is more likely to suffer from lack of medical care. Millions of pregnant American women have no insurance or other coverage for prenatal care. Seven out of 10 mothers under age 15 get no prenatal care in the first three months of pregnancy and one-fifth receive no prenatal care at all, according to the Children's Defense Fund.

While Medicaid provides the poor unmarried mother with access to care, most Southern states do not cover the first pregnancy. Even with Medicaid, the pregnant woman may find physicians refuse to treat her because reimbursement levels, which are set by the states, are low. Medicaid is tied to welfare eligibility, and welfare rolls are being trimmed. In the future, fewer pregnant women will be covered.

If a woman has no insurance, she may find herself shut out of the system entirely. Physicians sometimes require substantial down payments before they will begin prenatal care. Many hospitals refuse to deliver indigent mothers. Charity hospitals say they cannot continue to bear the burden of increasing numbers of patients who cannot pay.

The federal government has spent millions of dollars in the last few years trying to reduce infant death. Most effective in improving nutrition during pregnancy and helping mothers bear healthy babies has been the Women, Infants and Children food supplement program. It gives low-income pregnant women who are at medical risk and their small children cheese, milk, eggs, cereal and other nutritious foods.

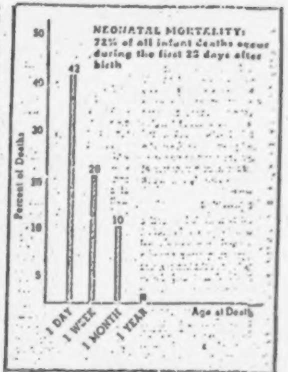
Improved Child Health Projects are in place in 12 localities nationwide with the highest infant mortality rates. These provide family planning to help mothers space their babies, prenatal care and other services to impoverished mothers. Health departments in 34 states participate in Improved Pregnancy Outcome programs, which are working to upgrade the quality of care and to develop systems that use hospital resources most effectively.

While the programs have proved effective, their future is uncertain. Most are demonstration projects whose financing ends in the next year. Few states have the resources to pick up new projects.

So, there are no easy solutions. Even with special programs, babies are still dying.

Virginia Brown took part in an Improved Child Health project. She got into the health system early, starting prenatal care at the local health department in her second month of pregnancy. She took her iron pills and vitamins. She received WIC foods and tried to eat balanced meals.

The Delta program has cut the infant death rate in its target area to a level equal with the rest of the state. But Steven Keith Brown was lost.



Odds against many

Many studies have linked infant death to low birth weight and the lack of prenatal care. The Virginia Perinatal Services Advisory Council recently reported some other startling statistics:

- Infants born to mothers who received no prenatal care were 10 times more likely to die than infants born to mothers who received any amount of care.
- Infants weighing under 5½ pounds were 20 times more likely to die than normal-weight infants.
- Mothers who received no prenatal care were four times as likely to deliver a low birth-weight baby as women who had any care.
- Mothers under the age of 18 were twice as likely as older women to bear low birth-weight infants.
- Black infants were twice as likely to die in the first year of life as white infants.

Being born in Virginia is risky

Babies born in 35 other states had a better chance of surviving the first year of life than those born in Virginia in 1979.

Fifteen of every thousand infants born in Virginia died that year compared to 13 per thousand nationwide. Babies are more likely to die in Virginia than in neighboring West Virginia and Maryland.

Within the state, infants in the Southwest and Southside areas were less likely to live through the first year than infants born elsewhere.

After a decade in which the state's rate of infant mortality exceeded the national level for all but one year, Virginia has awakened to the need for a plan to fight infant deaths.

While several other Southern states have had comprehensive strategies to reduce infant mortality in place since the mid-1970s, the Virginia legislature recognized the need to improve pregnancy outcome in 1981 and directed the state perinatal services advisory council to study the problem.

But the legislature decided not to back up its concern with money. While it authorized study of the problem, the General Assembly rejected financing for two programs that would have improved the care of pregnant women.

In this year's session, the General Assembly is expected to reconsider spending $1.7 million for inpatient hospitalization of low-income women who have complications of pregnancy and their babies, and extending Medicaid coverage to first pregnancies, which would cost $1 million.

North Carolina and several other states have chosen to cover medical costs for these women who, because of a fluke in the Medicaid law, are not covered since they have not yet had children.

While the panel will continue studying infant mortality over the next year, it made some preliminary recommendations last month. The group suggested that:

- Local health departments inform their communities about the extent of teen-age pregnancy in order to secure support for family life education programs in the schools.
- Public education about the benefits of prenatal care be developed.
- Regional perinatal care and air transport systems be established.

In its first report, the perinatal council said that prenatal care is generally available to indigent patients through local health departments. Services vary, however, and the state is surveying county offices to determine precisely what prenatal services are available.

Across the country, the question of how quality health care for pregnant women can be afforded is a continuing issue. The panel reported that delivery of indigent mothers is a "very serious" problem in Virginia, particularly outside urban areas.

Currently, indigent delivery is a haphazard affair sometimes requiring transporting the mothers "considerable distances and at unquestionable risk" to regional center hospitals. Babies are delivered at significant financial loss to the hospital, the study found.

The panel recommended that some contractual arrangement be made between the health department, private physicians and hospitals to provide obstetrical services to indigents.

Newborns who require intensive care also are forced to travel great distances, the study found.

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Richmond Times-Dispatch
Richmond, Virginia
Monday, January 4, 1982

Medical program showing results, but seeks funds

By Marsha Blakemore

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CLARKSDALE, Miss. — Twice, when almost everything pointed against it, the doctors pulled tiny Rebecca Thomas back to life.

She was born six weeks prematurely, small — at 3½ pounds — even for her gestational age. She had congestive heart failure and her lungs had not developed fully. Her mother was 14, unmarried and penniless.

That Rebecca Thomas lived to see her first birthday is a triumph of modern medicine and a health care system that worked.

Until a few years ago, the survival of underdeveloped, seriously ill infants was rare, especially in the rural South. But because of recent technological advances in treatment of high-risk newborns and the special care of a federally financed program aimed at reducing infant death, Rebecca left the local hospital a month after birth.

Once home, the vulnerable infant faced her second battle for life. Again, the odds were against her.

Mary and Rebecca Thomas, whose names have been changed in this story, live in a dilapidated shack on one of the large, fertile farms still called plantations in Mississippi's Delta region. These hovels offer the worst of living conditions — infested by rats and scorpions, lacking running water and sanitary facilities.

The plantation owners consent to the plea that poor people like the Thomases must live somewhere. They ask no rent and make no repairs.

Daily life for Mary Thomas is a struggle. Every morning the 16-year-old mother walks across a field and fills gallon jugs of water from a neighbor's spigot. She uses kerosene lamps because the electric company wants $61 to start service. Her welfare check is $60.

In this place, before her first birthday, Rebecca Thomas fell ill.

"She was breathing loud and wheezing," Ms. Thomas, a shy, thin girl, recalled. "It sounded like snoring."

After a few days, mother and baby got a ride to town and the doctor's office.

"He said I got her there just in time. They lost her twice but they got her back. She'd stopped breathing but they saved her."

Rebecca nearly died from ingesting a chemical that her mother used to kill scorpions. But the system worked. She is now 18 months old.

Saving babies is the chief aim of the Child Health Improvement Project serving four counties in the northwestern corner of Mississippi. It is one of a dozen federally financed demonstration projects nationwide in areas that had the worst infant mortality in the mid-1970s.

Since the program began in October 1978, it has served about

Continued on Page 5, Col. 1

Infant Mortality: Unequal chance for life

Second of five articles

Richmond Times-Dispatch, Mon., Jan. 4, 1982 A-5

Medical project shows results

Continued From First Page

3,000 women and infants, among them the Thomases.

Poor and predominately black, this depressed region where cotton was once king has steadily lost population over the last two decades. Those who can, escape. Those who can't, it seems, have babies. Between 1,500 and 1,800 infants are born annually in the counties, which have a combined population of about 87,000.

Infant death rate

From 1972 to 1976, about 32 of every 1,000 babies born in the four counties died in the first year of life. Black babies died twice as often as white ones. Of every 1,000 black babies born, 37 died in their first year.

In the same period, Mississippi's overall infant mortality rate was 18 per 1,000. Nationally, only 14 of every 1,000 babies died.

"In the Delta, there is still the expectation that babies die," said Doris Barnette, a state Health Department nurse who helped set up the child health program.

Sixty percent to 70 percent of the mothers there are impoverished and uneducated. Folk remedies and customs — eating clay, cornstarch and other substances during pregnancy, for example — are hard to stop when the median educational level is less than nine years.

The major source of personal income is government payments — welfare and Social Security. One-third of the pregnancies are among teenagers.

Spending $300,000 annually, the Child Health Improvement Project has successfully reduced infant mortality to 16 per 1,000, according to provisional figures for 1980.

Whether the rate will continue to fall after the federal grant ends in September is a big unknown factor. Health Department officials want to keep the project, but state budget reductions are already cutting into other health programs.

Infant mortality is directly related to the availability of medical care. Many of the conditions that threaten an infant's life can be identified and treated during pregnancy.

This program has worked largely by creating an alliance of the public and private sectors. Federal funds have fostered cooperation among traditionally feuding factions: the state Health Department, local physicians and the community hospital.

While in the past poor women in the Delta could obtain prenatal care on a charity basis from some local physicians, there was no system to ensure care. Many went without it.

To give birth, the Delta's indigent were often forced to drive a couple of hours to the University of Mississippi Medical Center in Jackson, the nearest hospital that welcomes those who cannot pay.

$75,000 payment

A sweetener in the form of a $75,000 annual payment to the Northwest Regional Medical Center hospital in Clarksdale now smooths the way for hospitalization of indigents. As a result, women and babies are receiving care locally. Physicians are reimbursed at Medicaid rates.

Education and social services are also crucial, health officials say. Poor, uneducated women require more "hand-holding" than other patients. For example, though a woman may not want another child, she may resist the idea of birth control and stop using it if she has not been thoroughly informed about what to expect from various methods.

"We're talking about getting a mother who is not interested in herself, someone who has never had a checkup, into the system. We're talking about a person with no motivation," said Dr. Mary Ellen Bouldin, an obstetrician in the Coahoma County Health Department.

"What we're doing by changing attitudes, hopefully, is dealing with a changed person."

What project does

The improved health project shepherds a woman though pregnancy, delivery and her baby's first year. On the first clinic visit, she is signed up for a federally financed food supplement program for women, infants and children called WIC. She is also referred to other appropriate social service agencies. A patient's transportation costs are paid, solving a major problem of the rural poor.

Nurses keep track of the patients through a computer system, ensuring that they show up for appointments. If not follow-up calls are made. Nurses visit each patient home after the birth to answe questions about child care and birth control.

While the program has cu infant death rates, the measures have evoked mixed re action from the local medica establishment. One private physician who asked not to be identified complained bitterly that the program goes too far.

"Hell, we go out and get them and bring them in here and we wait on them hand and foot. We spoon-feed them," he said.

Concern shared

He shares a concern others expressed about whether the project is instilling a lasting sense of responsibility in mothers.

"I want to see some sign of responsibility on their part," Dr. Bouldin said. "They have to cooperate by bringing the baby back for checkups, by seeing that they don't get pregnant if they don't want to get pregnant. ...

"We're trying to awaken the spark that the drowning person has, that when the lifeline is thrown to him he will grab on."

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Richmond Times-Dispatch

Virginia's State Newspaper

★ — ★ Richmond, Virginia Tuesday, January 5, 1982 •• 25 Cents

Prenatal care, hospital delivery elusive

By Marsha Blakemore
© 1982 Media General News Service

ABINGDON — When it's time for Vicky Kennedy to give birth to her third child, she won't go to the local hospital where her husband has a job mopping floors and cleaning X-ray rooms.

Instead, somebody will have to go out, find a telephone and call the rescue squad. Mrs. Kennedy, who has no car, will then ride in an ambulance to Bristol Memorial Hospital, 20 minutes down the interstate.

She must leave town because she still owes $325 to the local obstetrician who delivered her first child five years ago.

"I called 'em up but the nurse said there wouldn't be no way he'd see me again" without full payment, Mrs. Kennedy, 22, recalled with a grimace.

Mrs. Kennedy's plight is not unusual. She is one of the millions of American women who have no health insurance and are ineligible for Medicaid because they are married.

The fact that her husband was laid off in March and couldn't find work until October is their problem.

For people like Mrs. Kennedy, prenatal care and hospital delivery become luxuries just beyond reach. When the light bill and rent are two months overdue, buying care for an unborn child is delayed until the last months. Payments, stretched over time, can be lost in the press to pay other bills.

She never did see a doctor before her second child was born three years ago. She just waited until she was in labor and presented herself at the emergency room at Bristol Memorial.

Infant Mortality: Unequal chance for life

Third of five articles

Pregnant women who receive little or late prenatal care run a much higher risk of bearing babies that die in the first year of life. Hypertension, bleeding problems, infections and other conditions that can harm the baby can be corrected during pregnancy.

Mrs. Kennedy has been lucky. Her first two babies were born healthy and weighed more than 7½ pounds each. But the specter of infant death is always present. Her sister had a baby who died shortly after birth.

A pale woman whose straight, dark hair falls below her shoulders, Mrs. Kennedy was smoking cigarettes while she talked about her problems. She knows smoking is bad for the baby, but she says she's been worried lately.

She lives in Southwest Virginia's Washington County, where the Health Department offers no prenatal care, where the only two obstetricians will deliver only babies of women they have seen in their offices and where the community hospital refuses to admit "drop-ins," patients in labor who don't have an attending physician.

Because she owes the obstetrician, Mrs. Kennedy is effectively barred from local health care.

Dr. James D. Moore Jr., the obstetrician, insists that he and his partner will make financial arrangements for prenatal care and delivery with anyone who makes the effort to come to the office and talk with them. That is not the message Mrs. Kennedy and several other young, poor women say they got from the office.

Unable to find a doctor until the final weeks of her pregnancy, Mrs. Kennedy appealed to the physician who happened to deliver her second child. He agreed to take her as a patient under one condition: that she bring $50 cash to every appointment.

Access to health care has become an emotional issue across the South, which has a disproportionate share of poor people.

In Abingdon, a woman who was denied admission to Johnston Memorial Hospital while she was pregnant in 1980 has filed a complaint with the Department of Health and Human Services. People Inc., a community action agency, is trying to recruit obstetricians. It is also trying to negotiate an arrangement using state and county funds to pay Dr. Moore and his partner to deliver babies of indigents.

Private physicians frequently complain that they alone of the professions are expected to provide free service. As Dr. Moore says, "If a plumber comes in and fixes your pipes, he deserves to be paid. Why shouldn't we?"

One reason may be misperceptions by the poor. Mrs. Kennedy says she thought the state would pay her medical bills after awhile if she couldn't.

The question of care for the poor, particularly the pregnant poor, is a thorny one that promises to grow more troublesome as states and the federal government reduce spending.

Few physicians in private practice will talk

Continued on Page 3, Col. 1

Poor find prenatal care, hospital delivery elusive

Richmond Times-Dispatch, Tues., Jan. 5, 1982 A-3

Continued From First Page

publicly about why they refuse to treat those who can't pay. But one university specialist explained it this way:

"Doctors won't take Medicaid patients because once they do, it's like a disease that's infective.

"If you move indigent patients into a waiting room where paying patients once sat, it's like an infective disease," said Dr. Winfred Wiser, chairman of obstetrics and gynecology at the University of Mississippi Medical Center, where many indigent mothers from across the state give birth.

If an impoverished pregnant woman happens to live near a state medical school that has a ready supply of resident physicians paid with tax money, she has a key to the health system.

So, care varies widely, even within states.

In Southwest Virginia, for example, Drs. John W. Bolen and Larry R. LeGrand, the only obstetricians in the city of Galax and two counties, solved the problem of indigent care by bringing a specially trained nurse midwife into their practice four years ago.

Prenatal clinics

Vickie Mackey conducts weekly prenatal clinics for the Health Department in the physicians' offices. Then she attends the normal deliveries for Health Department patients. The physicians examine each patient once or twice during the pregnancy and they are on call in case of an emergency.

Dr. LeGrand and Dr. Bolen are pleased with their solution. Mrs. Mackey likes the arrangement because she also has private patients.

"I sit with them a little longer than a doctor might," she says.

The state pays the physicians $330 a month to run the clinic, and they turn the money over to Mrs. Mackey. But the state pays nothing for deliveries. Some patients pay her a little, she said. Some don't even say thank you.

Media General Photo by Marsha Blakemore

Nurse Midwife Vickie Mackey helps poor patients 'I sit with them longer than a doctor might'

Sometimes, private physicians work with county health departments in providing prenatal and obstetrical care. Some doctors give their Saturday mornings to health department clinics.

No prenatal care

In the Tidewater region, Norfolk provides no prenatal care in the city Health Department and one local hospital requires a $1,000 payment before delivery.

In the Hampton area, only two private obstetricians are accepting new Medicaid patients, said Dr. Bertram Stephens, one of the two. He and his partner are black, as are most of the Medicaid recipients in his locality.

"These are not bad guys" he said of his colleagues who refuse patients. "They just know these people can go elsewhere. There's no reason to take somebody who'll pay only $250 [in Medicaid] when they can get $800."

Dr. Stephens has been in practice six years and 60 percent of his patients are on Medicaid.

"I won't get rich this way, but I sleep better nights," he said.

Richmond Times-Dispatch

— ☆ Richmond, Virginia Wednesday, January 6, 1982

Pediatrician's project met stiff Mississippi resistance

By Marsha Blakemore

© 1982 Media General News Service

Infant Mortality: Unequal chance for life

Fourth of five articles

UTICA, Miss.— It seemed a modest target for the richest country on Earth in the last quarter of the 20th century.

"Our goal was to get everybody in Hinds County indoor bathrooms," said Hezekiah Watkins, director of environmental health services for the Jackson-Hinds Comprehensive Health Center.

The goal remains unfulfilled. Since the early 1970s, though, Watkins and his co-workers have done the next best thing: They have installed outhouses for hundreds of families who never had them.

In 1981, about 150 impoverished families who live in the sprawling county that includes the state's largest city got privies for the first time.

"Here it is the 1980s and we've still got people using the bushes." Watkins is exasperated. He estimates as many as 500 Hinds County families still lack toilet facilities.

Health and living conditions are so closely related that a locality's rate of infant mortality is sometimes used as a gauge of its standard of living as well as of its general health status.

Infants who live in poor homes are far more vulnerable to intestinal diseases and infections. They get impetigo, a bacterial infection of the skin. The solution is easy for someone with a few extra dollars: window screens.

Overcrowding, coupled with poor heating and ventilation, leads to respiratory problems. Without adequate cooking facilities,

Continued on Page 8, Col. 3

Mississippi project was struggle

Continued From First Page

anemia and other nutritional problems flourish.

Not surprisingly, Hinds County had one of the highest rates of infant death in the nation in the late 1960s.

Enter Dr. Aaron Shirley, a black pediatrician with a crusade to reduce infant mortality by confronting its environmental as well as medical causes.

Classic conflicts

His notion of what medicine should be went beyond the tradition of a doctor examining a patient in his office, prescribing medicines and sending them home. He took his war on infant death into the patients' homes and lives.

Dr. Shirley's experience in founding the Jackson-Hinds center in 1970 reflects classic conflicts within the medical community over providing care to the poor.

The local medical association resisted the concept as socialized medicine; medical leaders said such care wasn't needed. The governor vetoed the center's federal grants for three years.

After national attention was focused on Dr. Shirley's dilemma, the federal government overruled the vetoes. He began his first clinics in an old bus and a church.

Spending more than $17 million in federal aid over 11 years, Jackson-Hinds has blossomed into two large clinics — one rural, one urban — opening the door to medical care and improving the living conditions of some 22,000 patients, almost all of them black.

Dramatic improvement

The county's black infant mortality rate has dropped from 37 deaths per thousand live births in 1960 to 20 per thousand in the five years that ended in 1978.

"We claim credit for a great deal of it," Dr. Shirley said in an interview in his Jackson clinic.

"What prevents bad babies is healthy mothers. What makes a healthy mother is early prenatal care, nutrition, counseling against alcohol and drugs and a feeling of general well-being."

Besides finding pregnant women and bringing them into the system, the center provides services ranging from housing repairs to family planning, and from transportation to day care.

Jackson-Hinds is one of more than 1,000 federally supported comprehensive health centers, most located in rural pockets of poverty.

The centers are the source of continuing debate in the health community.

What's the alternative?

Improving the health status of a single county costs a lot of money but does nothing for the overall health of a region, critics contend.

What's the alternative? Doing nothing is worse, center advocates respond.

Through Jackson-Hinds, Cari Washington, a 31-year-old welfare mother who lives with her eight children in a two-room shack, has received prenatal care during her pregnancies, house repairs, regular deliveries of safe water, an outhouse, a refrigerator and a freezer.

Her life is still far from easy. Her windows lack panes and screens and the house swarms with insects and flies in warm weather. She cooks on a butane stove with burners that work only sporadically.

Ms. Washington ran out of gas recently so she was cooking rice in the fireplace, which also provides the only heat in the house. Her 1-year-old son was hungry. Before Ms. Washington could stop him, the boy had stuck his hand in the boiling pot.

Ran mile for help

She carried him in her arms more than a mile to her nearest neighbor with a car. They went to the one place they knew they could get help, the Jackson-Hinds clinic in the hamlet of Utica.

Federal budget cuts now threaten to curtail the comprehensive approach. A $1.7 million annual community health center grant that supports medical activities will be cut by 25 percent in 1982. Elimination of a $225,000 environmental services grant means the privy and water supply projects will end unless other money sources can be found.

"Since Uncle Reagan came in, we're afraid we're going back 10 years," Watkins said. "These people are hurting already."

Richmond Times-Dispatch

☆ — ☆ Richmond, Virginia Thursday, January 7, 1982

Model Florida system of centers shows what can be accomplished

By Marsha Blakemore

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Infant Mortality: Unequal chance for life

Last of five articles

If money could buy life, America's infant death rate surely would be the lowest in the world.

Why then do infants in 16 other nations have a better chance of surviving the first year of life than babies born in the United States?

And why has the U.S. position relative to other nations not changed much though the national infant death rate has steadily declined?

The government has spent millions of dollars in the last few years to reduce infant death rates. Yet an infant born in the South still faces a greater risk of dying in the first year of life than one born in other regions. Why?

"I guess none of us totally understands it or we'd solve the problem," said Dr. Frederick R. Jelovsek, an obstetrician at Duke University who is on the front line of America's war on infant death.

In the last decade, the battle for infant life has been waged largely by pediatric specialists using the latest in medical technology. Neonatologists in intensive care nurseries have shown they can save seriously ill babies that previously would have died.

But the miracle of life saved through intensive care is expensive. Moreover, just because a baby survives does not mean his health problems are over. Some of the infants being saved require a lifetime of costly medical care.

So a new approach to fighting infant death has evolved. Florida's pioneering system offers a stark contrast to Virginia, where no such system exists, and other Southern states.

When possible, care starts before pregnancy with family planning. Children having children is one cause of infant death. Very young mothers are far more likely to bear a baby that weighs under 5½ pounds, and low birth-weight

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Florida finds better way to aid infants, mothers

Continued From First Page

babies are far more likely to die.

With good, early prenatal care, however, teenage mothers can produce healthy babies.

Demonstration projects have proved that prenatal care and other support services can cut the death rate in a target area. Public funds channeled to hospitals and private physicians can open doors to care. Community health centers can raise living conditions and improve chances of infant survival.

But what happens after the special project pulls out or when budgets are cut, as virtually all will be in the near future?

"These pilot programs are not a viable solution in the long run," Dr. Jelovsek said. "The communities have to see the need for the service and plan for it."

While authorities agree that prenatal care is crucial to producing healthier babies, there is no agreement on who should provide the care.

Private obstetricians want relief from the burden of giving free care. Even when they are willing to give free service, local doctors have neither the time nor the staff to provide the social help many poor women need. The physicians say government should take more responsibility.

"Some of these doctors talk as if we'd gotten the women pregnant and should take care of them from beginning to end," complained Dr. Craig Smith, a district director for Virginia's Health Department.

At the same time, the federal government has entered an age of budget austerity. Medicaid rolls are being trimmed. Even before the cuts, though, Medicaid covered only a fraction of the nation's pregnant women because it is limited to welfare clients. Millions of women have neither Medicaid nor insurance.

In addition, budgets for maternal and child health programs are being cut. Under the new block grants, states will be forced to make hard choices between financing programs to fight infant death and delivering services to crippled children.

The approach most states have taken to fight infant death is to develop regional systems of care for pregnant women and infants. Each state's setup is different, but basically regional plan hospitals are ranked according to how advanced their care is.

The highest-risk patients are referred to hospitals with elaborate intensive care nurseries and specialists trained in saving tiny babies. Low-risk patients are treated in community and local hospitals.

Thus, a pregnant woman's opportunity for care depends on where she lives.

Florida, for example, is in the forefront of perinatal care and will spend $17 million this year on such programs. Perinatal is the term used to describe the period surrounding birth.

Seven years ago, Florida developed a model system for saving high-risk infants. It was partly the high cost of that infant intensive care that led the state to expand the program to high-risk pregnant women four years ago.

Since 1974, 25,000 newborns have been treated in eight centers around Florida. Florida has a toll-free "care line" that physicians can use to get expert advice, and ground and air transportation is available to rush patients to centers. Infant mortality has dropped 30 percent.

In contrast, Virginia is still in the preliminary stages of studying infant death and is trying to devise a perinatal plan. The state Health Department has had to conduct a survey to find out what maternity services county health departments are providing.

The Virginia legislature has refused to cover first pregnancies under Medicaid. The North Carolina legislature provided such coverage in its last session and Florida also covers first pregnancies.

Virginia also dropped a $1.4 million program that was paying for hospitalization of indigent mothers with pregnancy complications and their babies.

North Carolina's program falls somewhere between Florida's and Virginia's. North Carolina will spend about $7.5 million this year on perinatal programs. In addition to prenatal clinics offered in almost all the local health departments, the state has set up 20 special clinics around the state for high-risk maternity patients.

North Carolina's next goal is to develop a transportation system to ensure that patients get to the appropriate facility in the regional system.

Even where a system exists, there are gaps.

In planning how to spend a $700,000 Rural Infant Care grant from the Robert Wood Johnson foundation, Duke's Dr. Jelovsek decided to look for ways to maintain gains in the project's five eastern North Carolina counties after the four-year project is over.

Strengthening the quality of care in local hospitals and health departments was one of his priorities.

Nurses who are specialists in newborn and maternal care go into hospitals and health clinics to train local nurses in identifying and treating high-risk patients. The Duke project sends a resident physician into the counties for weekly prenatal clinics.

Mr. **Waxman**. For all the President's concern about fostering the healthy development of our children from the earliest stages, in his words, and I quote, "So that our twigs and saplings will grow into straight and strong trees," the President's budget promises precisely the opposite.

The programs that now make resources available for the health of poor mothers and children, medicaid, maternal and child health, and WIC, are slated for additional devastating funding cuts in fiscal year 1983.

We have called this hearing to help understand exactly what these additional cuts will mean. The evidence I have seen thus far suggests that we would be inviting a disastrous rise in infant mortality and infant morbidity. I hope that the testimony presented here today will help to persuade my own colleagues on my own subcommittee on Budget and on Ways and Means that this is no way to run a country.

[Mr. Waxman's prepared opening statement follows:]

OPENING STATEMENT OF HON. HENRY A. WAXMAN, CHAIRMAN, SUBCOMMITTEE ON HEALTH AND THE ENVIRONMENT, HOUSE COMMITTEE ON ENERGY AND COMMERCE

Last November, Chairman Rangel, you and I travelled to Memphis, Tennessee to look at the impact of the President's fiscal year 1982 budget cuts. What we found was appalling.

A Mississippi maternal and child health official told us that the State's health clinics, which handle just under half the live births in the State, would be crippled by the 24 percent slash in maternal and child health funding.

The director of the newborn intensive care unit at the City of Memphis Hospital, which handles 1200 extremely sick babies each year, told us that the medicaid and AFDC cuts would mean such serious revenue losses to his facility that life-preserving services might no longer be available to all high-risk newborns.

Today we will look at the impact of the President's proposed fiscal year 1983 budget on children. The numbers are more discouraging.

Mr. Reagan proposes to cut another $2.1 billion from the medicaid program, the main source of funding for medical care for poor children. This is in addition to $900 million in cuts already due to go into effect in fiscal year 1983 under last year's budget bill.

Mr. Reagan proposes to cut the maternal and child health services block grant and the related supplemental food programs for women, infants, and children by $282 million. The MCH program was cut last year by $108 million.

Mr. Reagan proposes to consolidate the community health centers and family planning programs into a block grant despite the explicit rejection of such a proposal by Congress last year.

I am at a loss to understand how these proposed budget cuts are consistent with Mr. Reagan's view that "our future as a nation lies in the healthy development of our children." It is difficult to avoid the conclusion that the administration, in the words of the children's defense fund, has declared war on children.

Even before the full impact of last year's cuts has been felt, we are beginning to recognize the human consequences.

Last month, the Richmond-Times Dispatch reported that poor pregnant women in southwest Virginia's Washington County are already having serious difficulty getting prenatal care or finding a hospital to handle the delivery.

Last month, the Oakland Tribune reported that the Oakland Children's Hospital was considering a change in its service policies that would withhold non-emergency care from patients who are not eligible for medicaid, do not have adequate private insurance, or cannot make a cash deposit. According to the hospital's executive officer, because such a high percentage of the facility's patients are on medicaid, and because the state is limiting medicaid reimbursement, the hospital will no longer be able to serve all those children who are unable to pay.

And last month, the Gainesville, Florida, Sun reported that an area hospital recently refused to admit a woman in labor who had no money, property, or insurance. The woman was rushed to another hospital, but arrived too late; the baby was born in the hall. The two main hospitals in the county are referring pregnant poor women to each other in order to minimize their revenue losses. The women and their unborn are caught in the middle of this patient pingpong game.

At this point, I would request unanimous consent to include in the record the documentation for these and other similar incidents, which was made available to the subcommittee by the national health law program.

For all the President's concern about fostering the healthy development of our children from the earliest stages—in his words, "so that our twigs and saplings will grow into straight and strong trees"—the President's budget promises precisely the opposite. The programs that now make resources available for the care of poor mothers, and children—medicaid, maternal and child health, and WIC—are slated for additional, devastating funding cuts in fiscal year 1983.

We have called this hearing to help us understand exactly what these additional cuts will mean.

The evidence I have seen so far suggests that we would be inviting a disastrous rise in infant mortality and infant morbidity. I hope that the testimony presented here today will help to persuade my colleagues on my own Subcommittee, on Budget, and on Ways and Means, that this is noway to run a country.

Mr. RANGEL. Mr. Moore.

Mr. MOORE. Mr. Chairman, thank you. I am certainly looking forward to hearing the testimony of the witnesses today. I think we are all concerned and no one in the Congress wishes to destroy a program that has value nor have people fall through the safety net. I will be looking forward to hearing what they have to say. I would hope that the chairman, should there be a desire to do so, would hold these hearings open until a later time to see if there are witnesses who wish to come in and testify on the other side of the question.

I assume, from looking at the panel of witnesses, that most of them will undoubtedly be critics of what is happening. There may be somebody who is a supporter of what is happening, and I would hope we would hold the hearing open until a later time to offer additional witnesses along those lines.

Mr. RANGEL. I would like to state once again for the record that witnesses from the administration have been invited. But because of the budget process the record on this question will remain open.

Mr. MOORE. Thank you, Mr. Chairman.

Mr. RANGEL. Mr. Duncan.

Mr. DUNCAN. I hope that we do not get into a lot of rhetoric, which seems to have already started. I would also request, under the rules, that the minority does have the right to have one day of witnesses if we so desire. I think we perhaps will elect to have that day of witnesses.

Mr. RANGEL. I want to make it abundantly clear that I do not look at this as a majority-minority issue. We are all members of Congress.

Mr. DUNCAN. It pretty well started that way the first 10 minutes.

Mr. RANGEL. All I am saying is that we worked very closely with minority counsel trying to bring witnesses.

Mr. DUNCAN. I just want to preserve that right to have our day.

Mr. RANGEL. Without objection.

Mr. WAXMAN. Mr. Chairman, I think the minority ought to have their day of hearing, or the minority Republicans ought to have their day of hearing and the Republican administration ought to have its day of reckoning.

Mr. DUNCAN. We will make that decision, Mr. Waxman. Thank you.

Mr. RANGEL. Our first witness will be a panel of John W. Scanlon, M.D., from Columbia Hospital for Women, Washington, D.C., with Dr. Evelyn Schmidt, pediatrician, Lincoln Health Center, Durham, N.C.

We will be hearing from Dr. Scanlon first.

STATEMENT OF JOHN W. SCANLON, M.D., DIRECTOR OF NEONATOLOGY, COLUMBIA HOSPITAL FOR WOMEN, WASHINGTON, D.C.

Dr. SCANLON. Thank you very much, Mr. Chairman, for inviting me to testify here before you.

I thought what I would like to do is to graphically show you, describe to you what is involved in neonatal intensive care. So I brought a picture taken in our nursery some years ago of a baby who weighed approximately 1¾ pounds, receiving the full weight of neonatal intensive care. This baby survived and has done extremely well on follow-up. The child is now about 5 years of age.

Neonatal intensive care involves mechanical respiratory support, using special unique equipment tailored for such therapy and the continous monitoring of heart rate, breathing, blood pressure, and oxygen. It requires intravenous fluid and nutritional therapy tailormade to these small patients. This necessitates careful continuous monitoring of biochemical values in the baby's blood, using small-sample techniques.

It requires the availability of immediate resucitative care around the clock, and it requires psycho-emotional support for acutely and continually stressed and upset parents, 24 hours a day. This all requires highly trained, skilled personnel, and the analogy to the adult coronary intensive care unit is quite clear.

Physician training for this field is 5 years after medical school. It takes us 3 months to take a trained nurse and further train her to work in the intensive care nursery. It requires support personnel with special skills and training in X-ray, ultrasonography, and laboratory techniques, as well as pharmacies set up to handle the requirements of these babies.

It is no wonder that the hospital care for such a small patient can generally be billed in excess of $100,000. Today we save the vast majority of babies who weigh more than 2.5 pounds, and we save most between 1.5 and 2 pounds. These babies may be born as much as 4 months before their due date, and interestingly enough, the majority of the survivors are neurologically healthy. There is even observation that this kind of intensive care for a very small and low-birth-weight babies spills over into larger birth-weight categories to improve both their outcome from death as well as from neurological problems.

Now, who has these babies? The poor, the urban dweller, the uneducated, the very young mother are all at increased risk for delivering high-risk premature infants. These women, when they deliver, also have a higher death rate for the same high-risk babies, when compared to their better-off, better-educated, non-urban-dwelling peers.

No one really understands the cause of prematurity. It is not a simple single factor. But there are many that are associated. Limited prenatal care, inadequate nutrition, overcrowded, polluted, dirty living conditions all contribute.

But it is clear that many hospitals which serve primarily such high-risk patients are currently underfunded, lack adequate, even essential personnel and key equipment. They also tend to have a disproportionately higher neonatal mortality and morbidity rate.

In the District of Columbia the neonatal mortality problem is a tragic visible local example of this. The District of Columbia has the highest infant mortality rate of any city with a population over 500,000. Its infant mortality rate rivals that of underdeveloped Third World countries.

Despite great effort and commitment of both private and public sectors, the facilities are still underfunded and limited, particularly in those hospitals which serve the highest risk patients.

There is no areawide regional maternal/infant transport system, and infant deaths continue at an unacceptably high rate. To reduce funds for these programs would limit and restrict their care capabilities even further. Cuts in medicaid funds, increased eligibility requirements, and fiscal caps on available coverage would worsen an already grim situation.

Indeed, even now several hospitals in the District of Columbia discourage admitting Maryland medicaid patients because of the 20-day limit on funding. There is still no mandate at any level for catastrophic insurance coverage to cover the high-risk patient.

For the District of Columbia and the country as well, the situation is critical. Minds as well as lives are at stake, and we need help. Thank you very much.

Mr. RANGEL. Thank you.

Can we hear from Dr. Schmidt.

STATEMENT OF EVELYN D. SCHMIDT, M.D., M.P.H., PEDIATRICIAN, LINCOLN COMMUNITY HEALTH CENTER, DURHAM, N.C.

Dr. SCHMIDT. Good morning. Thank you. I will try to depict for you what such an impact can be for low-income population in a city in the South, Durham, N.C., a city with a population of 152,785, and more specifically, a population of over 19,000 who use the services of the health center.

Lincoln Community Health Center is a nonprofit primary health care center which receives Federal funds through section 330 of the amended Public Health Service Act. The center has been operational since mid-September 1971. Prenatal and family planning services are offered at the center in cooperation with the Durham County Health Department.

The center offers a range of health services with emphasis on maintenance, medical and dental care, mental health, and health education. The center also has a WIC program, a food program for high-risk women, infants, and children funded by the Department of Agriculture, which is operated not only for the eligible registrants of the center but for anyone eligible in the county.

Lincoln Community Health Center serves a predominantly low-income population. The majority of the population served is black. As of December 31, 1981, the center had a total of 19,415 active registrants. During this calendar year there were over 81,000 face-to-face encounters with providers. Of over 19,000 registrants, 68.3 percent are below 100 percent of the poverty level, 17.3 percent are 100 to 149 percent, 8.4 percent are 150 to 199 percent of poverty level, and 6 percent are over 200 percent of poverty level.

Of the active registrants, 16.7 percent are medicaid recipients. Medicaid in North Carolina is categorical, aid for dependent children [AFDC], crippled, disabled, and blind and prolonged illness with inadequate income, 8.3 percent are medicare recipients, 47 percent are center. These are working individuals who are receiving no public assistance whose income falls within the poverty level guidelines, 22 percent are sliding-scale, those families eligible for discount again based upon income and family size, and 6 percent are total cash. Individuals designated as center pay a minimal charge.

Presently, a mother and three children on AFDC in North Carolina receive $210 per month. It would be difficult for a family of four to manage on this amount of money per week.

Durham County has the highest teenage pregnancy rate in North Carolina. North Carolina ranks fifth in the Nation in the proportion of births to mothers under 19 years of age. In 1981 there were 532 new obstetrical patients at the center and about 34 percent were women 19 years and under.

In 1976 an aggressive counseling program for teenagers that begins during the prenatal period and continues after the birth of the babies was started. In 1980 there was a 43 percent decrease in repeat births and a 5.6 decrease in first births.

However, these favorable statistics occur in the older teenage female. The birth rate for 15 and under continues to rise.

The reimbursement from AFDC for individuals is about $60 per month. Therefore, in a year, 51 less births represents a savings of $36,000-plus. Over an 18-year period this would amount to $660,960. If medicaid and food stamps are added to this amount, the total savings is in the range of $1 million.

Of equal importance is the fact that many of these young women were counseled, returned to high school, and some contined on to technical school or college, thus becoming independent, contributing members of the community.

As noted previously, the center has a WIC program, with a caseload of 1,800 women, infants, and children, and a waiting list of several hundred. The caseload has been more than 2,200 but cutbacks reduced the permissible active caseload in the past year. Eligibility for the WIC program is based upon medical and financial needs. The program offers not only essential foods such as milk, cheese, eggs, juice, and cereal for the high-risk pregnant woman and child, and iron-fortified formula, juice, and cereal for the infant, but also a very excellent nutrition education program. This program has been beneficial to all its participants and is of value, particularly to the pregnant teenager who is high-risk by her age alone.

The location of prenatal care within the center assures that infants and mothers will then be followed in the pediatric program. This provides the continuity of care that is so necessary in pediatrics if beneficial health supervision and anticipatory guidance are to be provided for the child and family.

This is particularly true for many low-income families who prior to the health center network in the country sought only acute episodic care. North Carolina ranks 45 in the Nation in regard to high infant mortality. This is somewhat better than the 1978 statistics, which ranked North Carolina 47.

In Durham County the black infant mortality is still twice the white infant mortality, although this too represents an improved figure.

In the recent study, "The North Carolina People 1981," prepared by the North Carolina Department of Human Resources, Durham exceeded the State average in families experiencing financial problems, unplanned pregnancies, family crisis, single-parent households, potential for abuse or neglect, adult psychological stress, alcohol abuse, drug abuse, overcrowded housing, transportation problems, home care burdens, and problems with institutionalization.

The local health department is expecting a 23 percent cut in its family planning title X funds and a 20 percent cut in its title XX funds. These are the funds which provided the counseling programs described for the teenagers which resulted in both human and financial savings. The medicaid cutbacks have already resulted in a prescribed number of clinic visits a year and prescriptions per month.

The work incentive program, which enabled mothers on AFDC to do some work without losing their medicaid assistance, has been discontinued. These are all individuals who qualify for health care at the center. However, now the center receives less for their care. This is occurring at a time when the health center funding has been drastically reduced.

It has been shown that there is more than a 30 percent savings for the medicaid patient who utilizes the health care center system than any other alternative primary care system. In view of the medicaid reductions and restrictions, individuals may start to use the emergency room as an alternative for care in larger numbers. The emergency room is more costly, episodic, with little or no followup.

This patterning may well result in increased hospitalization. In North Carolina 70 percent of medicaid dollars is spent for hospital and long-term care. Of that 70 percent, 30 percent is for hospital care and 40 percent for long-term care. Therefore, only 30 percent is spent for clinic care, including drugs, X-ray, and laboratory.

Presently, the health center receives funds from the community mental health center for an alcohol program, which is directed to women as a treatment program and to teenagers as a prevention program. The program has effectively helped some women attain sobriety, regain self-esteem and self-confidence so that they could return to the active participation in the community.

However, because of decreased mental health funds, this program will probably be discontinued after the present fiscal year. The rising unemployment, along with funding cuts in other health programs, has resulted in increased registration at the center. Low-income individuals and families simply cannot afford the full cost of out-of-pocket charges for health care.

The top five diagnoses seen at the health center over the past 10 years include essential hypertension, diabetes mellitus, normal pregnancy, well-child, adult examination, and acute respiratory disease. It is interesting, however, that in the past calendar year schizophrenic disorders went from No. 24 to No. 15.

At this time I would like to make some personal comments. In the mid-1950s, when I began my medical career, I practiced pediatrics in a medium-sized community in the Northeast. It was for the most part a blue-collar industrial town. The population was dependent upon the factories for its livelihood. When the factories were operating and the people were working, they bought food, clothes, and the health care they could afford.

On Wednesday afternoon, as the newest doctor in town, I was in the office and made house calls not only for my patients but also requests for house calls that came to the medical answer service. I was often faced on such calls with serious acute situations that necessitated immediate hospitalization; other situations were children with chronic health needs with a superimposed acute infection.

In both situations, care was not sought earlier because of lack of funds. As you might imagine, I felt hopeless at times. I was also angry. Angry that this great country, with all its resources and ingenuity, did not have a health system which allowed the participation of all its children. Because, in truth, gentlemen, the children of a nation are its future and its strength.

It was then I left private practice. My concern now was not for the children seen in physicians' offices, but the ones who were not. I sought further training in public health, and for the past 20 years have worked within the health center network.

However, it was not until the 1960's that there was a professed concern about the health care, both quality and quantity, available to all children and families. This concern resulted in the origin and funding on the part of the Congress of several programs, including comprehensive health centers. Those programs were created specifically to reach out and bring into the system of care the poor and the children.

As the health centers grew, the rate of hospitalization for the populations served at these centers decreased. Reductions in hospitalization rates among health center users ranged from 25 to 67 percent. The savings resulting from these reductions on the average has been greater than the annual appropriations for these programs. Although health centers are not reaching all in need, until recent cutbacks over 5 million people were being served.

It is estimated that with the fiscal year 1982 cuts in funding, 1.4 million less people will be served. As with the Lincoln Health Centers, centers do work in tamden with other resources in their communities, like the health department, mental health centers, and department of social services.

However, all these programs are experiencing budget cuts which are resulting in decreased services for the individuals and families with the least resources. The State legislature in North Carolina has made it very clear that federal cuts will not be made up by the State.

The child born today will spend most of his or her life in the next century. Most of us here will not. But those of us here will be making the decisions as to how well that child will succeed. Let us be sure that all children are given access to those resources, including health, that promote optimal growth and development. Only in this way can we help to assure that our country is secure in its future.

I would only urge that Congress look carefully and thoughtfully before dismantling any further what health programs we have to address the needs of 25 million or more Americans at risk because of insufficient income to purchase health care at the market value.

Programs that are efficient and cost effective should continue and be encouraged to reach even more of those at risk.

[The prepared statement follows:]

STATEMENT OF EVELYN SCHMIDT, M.D., DIRECTOR, LINCOLN COMMUNITY HEALTH CENTER, DURHAM, N.C.

Mr. Chairman and members of the committee, my name is Dr. Evelyn Schmidt and I am the Project Director and a member of the pediatric staff of Lincoln Community Health Center located in Durham, North Carolina. I was asked to be here today to discuss the impact of budget cuts as they concern the health and welfare of women and children.

I will try to depict for you what such an impact can be for the low-income population in a city in the South. Durham, North Carolina is a city with a population of 152,785, and more specifically a population of over 19,000 who use the services of the health center.

Lincoln Community Health Center is a non-profit primary health care center which receives federal funds through Section 330 of the amended Public Health Service Act. The Center has been operational since mid-September 1971. Prenatal and Family Planning Services are offered at the Center in cooperation with the Durham County Health Department. The Center offers a range of health services with emphasis on maintenance medical and dental care, mental health and health education. The Center also has a WIC program (food program for high risk women, infants and children funded by the Department of Agriculture) which is operated not only for the eligible registrants of the Center but for everyone eligible in the county.

Lincoln Community Health Center serves a predominantly low-income population; the majority of the population served is Black.

As of December 31, 1981 the Center had a total of 19,415 active registrants (a registrant is defined as an individual seen at least once in the last 18 months). During the calendar year of 1981, there were 81,428 encounters (face to face contacts with a provider). In the 12 month period January 1, 1981—December 21, 1981, there were 16,304 users of medical and dental services. Of that number, 46.9 percent were 19 years and under; 43.3 percent were females 15–44 years; 19 percent were children 4 years and under.

Of the 19,415 active registrants, 68.3 percent are below 100 percent of the poverty level, 17,3 percent are 100–149 percent of poverty level; 8.4 percent are 150–199 percent of poverty level and 6 percent are over 200 percent of poverty level.

Of the active registrants, 16.7 percent are medicaid recipients. Medicaid in North Carolina is categorical, aid for dependent children (AFDC); crippled, disabled and blind; prolonged illness with inadequate income.

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In 1976 an aggressive counseling program for teenagers that begins during the prenatal period and continues after the birth of the baby was started. In 1980, there was a 43 percent decrease in repeat births and a 5.6 decrease in first births. However, these favorable statistics occur in the older teenage female. The birth rate for 15 and under continues to rise.

The reimbursement from AFDC for an individual as about $60 per month; therefore, in a year, 51 less births represent a savings of $36,720 and over an 18 year period this amounts to $660,960. If medicaid and food stamps are added to this amount, the total savings is in the range of one million dollars.

Of equal importance is the fact that many of the young women counseled returned to high school and some continued on to technical school or college, thus becoming independent contributing members of the community.

As noted previously, the Center has a WIC program. Presently, the WIC program has a caseload of 1800 women, infant and children with a waiting list of several hundred. The caseload had been more than 2200, but cutbacks reduced the permissible active caseload in the past year. Eligibility for the WIC program is based upon medical and financial need. The program offers not only essential foods such as milk, cheese, eggs, juice and cereal for the high risk pregnant woman and child and iron fortified formula, juice and cereal for the infant but also nutrition education. This program has been benefical to all its participants and is of value particularly to the pregnant teenager who is high risk by her age alone. The location of prenatal care within the Center assures that the infants and mothers will then be followed in the pediatric program at the Center. This provides the continuity of health care that is so necessary in pediatrics if beneficial health supervision and anticipatory guidance are to be provided for the child and family. This is particularly true for many low-income families who prior to the health center network (urban, rural and migrant) in the country sought only acute episodic illness care. North Carolina ranks 45th in the nation in regard to high infant mortality (15.9 per 1000 live births). This is somewhat better than the 1978 statistics which ranked North Carolina 47th. In Durham County, the Black infant mortality is still more that twice the white infant mortality (white 10.2, Black 21.1).

In a recent study "North Carolina People 1981" prepared by North Carolina Department of Human Resources, Durham exceeded the state average in families experiencing financial problems, unplanned pregnancies, family crisis, single parent households, potential for abuse or neglect-adult, psychological stress, alcohol abuse, drug abuse, over-crowded housing, transportation problems, home care burdens, and problems with institutionalization.

The local health department is expecting a 23 percent cut in its Family Planning Title X funds and a 20 percent cut in its Title XX funds.

These are the funds which provided the counseling program described for the teenagers which resulted in both human and financial savings.

The Medicaid cutbacks have already resulted in a prescribed number of clinic visits per year and prescriptions per month.

The work incentive program which enabled mothers on AFDC to do some work without losing their medicaid assistance has been discontinued.

These are all individuals who qualify for health care at the Center; however, now the Center receives less for their care. This is occurring at a time when the health Center funding has been drastically reduced.

It has been shown that there is more than a 30 percent savings for the medicaid patient utilizing the health center system than any other alternative primary care system. In view of the medicaid reductions and restrictions, individuals may start to use the emergency room as an alternative for care in larger numbers. The emergency room is more costly, episodic with little or no follow up.

This patterning may well result in increased hospitalization. In North Carolina 70 percent of Medicaid dollars is spent for hospital and long term care. Of that 70 percent, 30 percent is for hospital care and 40 percent for long term care. Therefore only 30 percent is spent for clinic care including drugs, x-ray and laboratory.

Presently, Lincoln Community Health Center receives funds from the Community Mental Health Center for an alcoholism program which is directed to women as a treatment program and to teenagers as a prevention program. The program has effectively helped some women attain sobriety, regain self-esteem and self-confidence so that they could return to active participation in the community. However, because of decreased mental health funds, the program in all probability will not be continued after the present fiscal year.

The rising unemployment along with funding cuts in other health programs has resulted in increased registration at the Center. Low-income individuals and families simply cannot afford the full cost of out-of-pocket charges for health care.

The top 5 diagnoses seen at Lincoln Health Center over the past ten years include essential hypertension, diabetes mellitus along with normal pregnancy and well child/adult exam. The fifth is usually some form of acute respiratory disease. In this past calendar year schizophrenic disorders went from number 24 to number 15.

At this time I would like to make some personal comments. In the mid-fifties when I began my medical career, I practiced pediatrics in a medium size community in the northeast. It was for the most part a blue collar industrial town. The population was dependent upon the factories for its livelihood. When the factories were operating the people were working, they bought food, clothes, and the health care they could afford.

On Wednesday afternoon, as the newest doctor in town, I was in the office and made house calls not only for my patients but also requests for house calls that came to the medical answer service. I was often faced on such calls with serious acute situations that necessitated immediate hospitalization; other situations were children with chronic health needs with a superimposed acute infection.

In both situations care was not sought earlier because of lack of funds. As you might imagine I felt hopeless at times, I was also angry, angry that this great country with all its resources and ingenuity didn't have a health system which allowed the participation of all its children. Because, in truth, gentlemen, the children of a nation are its future and its strength. It was then I left private practice; my concern now was not for the children seen in physician's offices but the ones who were not. I sought further training in public health and for the past 20 years have worked within the health center network.

However, it was not until the 1960's that there was a professed concern about the health care both quality and qûantity available to all children and families regardless of income. This concern resulted in the origin and funding on the part of Congress of several programs including the comprehensive health centers, urban, rural and migrant. These programs were created specifically to reach out and bring into a system of care the poor, the children, the elderly, the geographically isolated.

As the health centers grew, the rate of hospitalization for the populations served at these Centers decreased. Reductions in hospitalization rates among health center users ranged from 25 to 67 percent. The savings resulting from these reductions, on the average, has been greater than the annual appropriations for these programs.

On a national basis 59 percent of those served in health centers are women; 41 percent are children under 18. Infant mortality rates have been reduced in many parts of the country.

Although health centers aren't reaching all in need, until recent cutbacks over 5 million people were being served. However, it is estimated that with the fiscal year 1982 cuts in funding, 1.4 million less people will be served.

As with Lincoln Community Health Center, centers do work in tandem with other resources in their respective communities like the health department, community mental health center and Department of Social Services. However, all these programs are experiencing budget cuts which are resulting in decreased services for the individuals and families with the least resources.

The State Legislature in North Carolina has made it very clear that federal cuts will not be made up by the state.

The child born today will spend most of his/her life in the next century, most of us here will not, but those of us here will be making the decisions as to how well that child will succeed. Let us be sure that all children are given access to those resources including health that promote optimal growth and development. Only in this way can we help to assure that our country is secure in its future.

I would only urge that Congress look carefully and thoughtfully before dismantling any further what health programs we have to address the needs of 25 million or more Americans at risk because of insufficient income to purchase health care at the market value. Programs that are efficient and cost effective should continue and be encouraged to reach even more at risk if possible.

Mr. RANGEL. Thank you, Dr. Schmidt.

The President has indicated that he was hopeful that local and State governments would fill the gap. Has that been the case? From your testimony, that is not the case in North Carolina.

Dr. SCHMIDT. There was a very clear statement by the State legislature.

Mr. RANGEL. The President has indicated that he expected the churches and the charitable organizations to fill the gap. Has that been the case in North Carolina?

Dr. SCHMIDT. There is no way that good intentions can meet all the needs of the people at risk.

Mr. **Rangel**. The President has indicated that certainly the truly needy—and I assume that would be the children that come from poor families—would not be denied the care because of the budget cut. Has that been your experience in North Carolina?

Dr. **Schmidt**. No, sir. And I think if you listed the figures of those who are at risk, they are tremendous. Median income in North Carolina, from a recent study that was done for WIC eligibility, was something like a family of four, $6,037, which is 75 percent of the poverty level.

Mr. **Rangel**. Then would it be political to say that those with sufficient funds to pay for health care can expect better health and the poor can expect in some cases to even face death?

Dr. **Schmidt**. Yes, sir. If you want to put it that way, yes. You are only going to get what you can pay for. So if you do not have anything, or only a penny, that may be just what you end up getting.

Mr. **Rangel**. Chairman Waxman.

Mr. **Waxman**. Thank you, Mr. Rangel.

Dr. Scanlon, you are head of the Neonatology Unit in Washington, D.C., is that correct?

Dr. **Scanlon**. At Columbia Hospital, yes, sir.

Mr. **Waxman**. When we talk about neonatal mortality as opposed to infant mortality, the difference is that neonatal mortality is the death of liveborn children who have not reached 1 month of age, while infant mortality is the death of liveborns up to 1 year of age.

Dr. **Scanlon**. That is correct, sir.

Mr. **Waxman**. Last summer my subcommittee held a hearing with Chairman Dingell's Oversight Subcommittee, where we looked at the problem of access to hospital care for high-risk newborns. The director of an intensive care unit of a public hospital in Tampa, Fla., told us that, under instructions from county officials, the facility had refused to admit a high-risk newborn even though the facility had the special care beds and staff to handle the infant.

The decision was made on financial grounds. The infant's parents had no private insurance or public assistance. The infant, unfortunately, died.

We also heard at that hearing that low-income pregnant women have difficulty in some communities gaining admission to hospitals to deliver their babies, particularly if they have had no physician or prenatal care.

Can you tell us why a hospital with a capacity to treat such patients would be reluctant to admit a pregnant woman in labor or a high-risk newborn?

Dr. **Scanlon**. It is a very difficult question to answer. The basic answer is most likely financial. It is extraordinarily expensive. Neonatal intensive care is a cost loser based on figures that I have seen from around the country. And as I indicated before, the very-low-birth-weight baby may generate a hospital bill in excess of $100,000, may remain in the hospital for 4 or 5 months, of which at least half is requiring this kind of intensive care you see depicted here.

And I believe many hospitals are disinclined to want to accept that kind of financial burden if it is not at least partially funded to recover costs.

Additionally, hospitals, particularly in the Washington area, are reluctant to overburden already loaded facilities. At least once a month all of the intensive care units in the Washington area are full. Calls come in from the suburbs, surrounding areas, and there are no available beds. Beds have to be found someplace, sometimes as far away as Philadelphia or Richmond.

Mr. **Waxman**. So we do not have a lack of need for the facilities that are available for handling high-risk newborns?

Dr. **Scanlon**. That is correct.

Mr. **Waxman**. Given those circumstances, if a hospital realizes that it may be undertaking services that could amount to $100,000, it is going to make a decision that that bed is going to go to a child for which it will be reimbursed as opposed to a child for which it will not be reimbursed?

Dr. **Scanlon**. I can only assume that is true, from what I have read in the papers. I am not aware of that personally of that decisionmaking process going on in the District of Columbia, although one could see that scenario coming up.

What happens here is because of the limited availability of beds, which are tied up for some period of time with paying and nonpaying patients, if you will, since we have a large number of medicaid patients and things are underfunded, one cannot see expansion of facilities, one cannot see keeping up with the latest innovations in the kinds of care, because of underfunding.

The net result of that is to provide limited access because of overcrowding for appropriate facilities.

Mr. **Waxman**. The District of Columbia has the highest infant mortality rate, I believe, in the country, 27 deaths out of 1,000 live births. This is almost double the national average. And I was shocked to note that for Jamaica there are only 16 deaths for each 1,000 live births, while for Costa Rica, there are only 22 as opposed to Washington's 27.

In your view, what impact will the proposed cuts in the medicaid and the maternal and child health programs have on the infant mortality rate in the District of Columbia?

Dr. **Scanlon**. As I indicated in my testimony, Mr. Waxman, the District has made a concentrated effort in the last year and a half or 2 years to upgrade facilities, particularly in those hospitals serving the low-income population. They have really tried quite hard.

But with cutting off already limited funds, it can only serve to diminish their capacity to care and, further, to shift the burden for the care of the poor high-risk patient to those facilities. So it will be a double burden, and I would expect mortality might suffer.

But more importantly, as I indicated, mortality is an index of morbidity, and the hidden cost of this is neurological handicap and other kinds of damage that these children who do not receive top-grade care suffer from.

Mr. **Waxman**. So they might not die, but they will suffer for the rest of their lives with a neurological disability or some other handicap?

Dr. **Scanlon**. Yes, sir.

Mr. **Waxman**. Dr. Schmidt, you come from the State of North Carolina. And in the State of North Carolina, if a woman is on the aid for dependent children program, usually she is alone and she has some children. She gets the sum of $210.

Dr. **Schmidt**. A family of four. Right.

Mr. **Waxman**. For a family of four, $210, out of which she is supposed to pay all of their living expenses.

Now, this administration is suggesting that that woman ought to pay a co-payment for her child whenever she takes the child to the doctor. They talk about it as only $1, maybe $2.

That does not seem like a lot of money to us, but to that woman who has $210 to stretch for rent, heating, food, all of her expenses combined for the whole month, what kind of a problem is it going to be for her to come up with a copayment of $1 or $2 per visit?

Dr. **Schmidt**. I think that what we are inviting is a cutback on the use of primary care and a return to the more episodic use of emergency room and then hospitalization, because of the pressures of the acuteness of the situation. So that in the end we are looking at a much more costly way of providing care rather than a preventive or maintenance way of providing care.

Mr. **Waxman**. In other words, for those who do not follow all the health rhetoric, she is not going to get to see a doctor and keep herself and her children healthy; instead, she is going to end up going to an emergency room when the kid gets so sick that she has no other choice but to bring him in?

Dr. **Schmidt**. That is exactly right.

Mr. **Waxman**. That is going to cost us more money, is it not?

Dr. **Schmidt**. Much more money, and much less effective care.

Mr. **Waxman**. Thank you, Mr. Chairman.

Mr. **Rangel**. Mr. Moore.

Mr. **Moore**. Thank you, Mr. Chairman.

I want to thank both physicians for being here this morning. I certainly was disturbed by the content of your testimony. No one will disagree with the need for the type services you are providing. I certainly will not.

Let me ask this question, Dr. Schmidt. In your testimony you indicated that you have experienced a reduction in the ability to handle WIC cases this year in your clinic. I would like to ask you why that occurred?

According to the figures I have before me, the funding this year, 1982, for WIC is actually up over 1981 by $4 million. OMB tells me it is up by $17 million. Why do you have to cut?

Dr. **Schmidt**. If you realize that came about earlier on, there was warning that there were going to be cuts in programs, and at that point in time the State was forced to make some cutback on the caseloads. And there were some redistributions of moneys throughout the State.

Later on, the money was reinstituted. However, not all the cutbacks could be reinstituted within the State.

Mr. **Moore**. In other words, your State cut you back?

Dr. **Schmidt**. The State cut back in anticipation. Remember, there was a lot of wrangling about what the final outcome was going to be. You cannot wait until the last minute to make certain changes in terms of what is going to happen, Mr. Moore. So that happened, and that is why those caseloads were cut.

Mr. MOORE. For the year 1982 then, by the end of the year, we ought to see whether or not you actually experienced a reduction of funds as far as the Federal Government is concerned. If you made some cuts in anticipation of a reduction of funds which did not occur and actually ended up getting more funding.

Dr. SCHMIDT. Yes, but at the State level there was not the funding to institute all the caseload cutbacks.

Mr. MOORE. Now, looking ahead, as I have seen your testimony, you are also concerned about what might have happened in funding for this year. As it turned out, that did not happen. But you are worried about a reduction of funding in future years under the proposed block grant program of the administration. The block grants that we enacted last year only started October 1, 1981, and we are not even halfway through that fiscal year.

I am wondering, have you had a chance to see how the block grants are operating in North Carolina yet, those that we have enacted? Obviously, this one has not been one of them, correct?

Dr. SCHMIDT. The first year, as you know, is a tentative year, and much of it is a passthrough, according to the State.

The real impact is going to be felt as of this coming fiscal year, and that is why the figures that I quote you in terms of the title XX and the title X moneys are direct figures that the local health department has received in terms of what their cuts will be affecting in the coming fiscal year.

As I said, there was a pass-through and the realization of what those cutbacks are in that block grant are going to be realized by the State in this upcoming fiscal year.

Mr. MOORE. We are talking about block grant money that is already lost.

Dr. SCHMIDT. I am talking about your MCH, OK.

Mr. MOORE. You realize we were told when enacting that block grant—we are waiting to see if this is correct or not—that there is a reduction in total funding, we put it all together in a block grant, when compared to what they were in the separate categories.

But we were told that those reductions would run on the order of 20 to 25 percent at the most, and we are told that 15 percent of that will be saved, in the passthrough, in simplicity and savings in terms of administration. Also, when we pass these block grants, we leave it up to North Carolina as to who to cut.

What I am wondering is that if the WIC program is as successful as believed—and I think it is—is it not possible that when we block-grant the WIC program, you may not experience any reduction in funds at all?

Dr. SCHMIDT. Mr. Moore, if you block-grant the WIC program, as it is, from what I can gather—and I do not read in detail—you are block-granting a program that you are already cutting, that the WIC program put into that block grant is scheduled for an absolute cut in funds. So you are not just block-granting the WIC program, you are block-granting decreased funding of the WIC program.

Then the other thing that you need——

Mr. MOORE. Let us first discuss that point. The funding this year is higher than last year. We are putting together a total funding package which is highly speculative at this point, whereby we would be putting together a total funding package for a number of programs that are put in.

No one program is being cut. The funds are lump sum funds for the State of North Carolina to determine how to be distributed. The WIC program in North Carolina may wind up with the same funding, more or less, than this year. We do not spell out which money goes to which program.

Dr. **Schmidt**. In a sense, you are saying that that funding, that dollar for nutrition, in essence, is in competition then with a dollar for any other kind of health services, and that your absolute number of dollars are still less than the actual need, then you are going to have to cut down. You are really only cutting—instead of the Feds cutting, you are saying to the State, you cut out, whether it be nutrition service or health service, you cut out one or the other things.

Mr. **Moore**. I accept your answer as being correct if we assume that every dollar we are currently spending in North Carolina is absolutely essential and there are no savings in administration. We are saying that the jury is still out on the block grants we have already put into law?

Dr. **Schmidt**. Maybe on the present. Previous history in terms of block grants has shown that the administration costs at the State level have been greater than the administration costs at the Federal level.

Now, I do not want to get into a dispute with you, because I think you raise a question that has both sides of the coin. And therefore, I think we are making an assumption which you may believe, but I do not go along with, that it is cheaper to administer it at the State level. And I dispute that.

Mr. **Moore**. In my own State, we are hoping that will be the experience. I am totally unfamiliar with North Carolina's.

Let me say to both of you I appreciate your being here. I understand your concern. I assure you I do not think any of us are intentionally trying to cause you to be able to take care of fewer needy people than you are doing now. What we are trying to do, if possible, is to bring some control over spending so that North Carolina will spend the money perhaps a bit more wisely, so we can actually save a little bit of money without in any way causing people to fall through the cracks.

If that does not work, we will know at the end of this fiscal year when we get the results of the first round of block grants. And there probably will not be a second round.

But I thank you both.

Mr. **Rangel**. Mr. Duncan.

Mr. **Duncan**. Thank you, Mr. Chairman.

I want to thank the panel also.

Dr. Schmidt, I was interested when you said the State legislature said no to other funds, when North Carolina is considered a rather prosperous State. They had surplus funds at the end of their fiscal year, I understand. Why did they refuse?

Dr. **Schmidt**. That was a statement made, sir, when the block grants passed through to the State this year, that there would be no makeup in the Federal cut by the State legislature. As you know, North Carolina, by legislative law, has to have a balanced budget. That is part of their legislature all along.

I will not comment. At times there are some moneys over at times, and at times not. But that statement was made very clear. And at a more recent health convocation, I gathered it was reiterated again in some of the comments that were made by the secretary of human resources.

Mr. DUNCAN. Since they had surplus funds at the end of their fiscal year, do they not believe in your program? They should be aware of what you are doing. And they do not want to spend any more money on it?

Dr. SCHMIDT. As you recall, Mr. Duncan, the health centers are federally funded programs. The States have not had any direct input excepting as we work very closely, as I implied, with our prenatal service, which is a combined service with the county health department.

Mr. DUNCAN. Why does the State not put money there?

Dr. SCHMIDT. Well, it gets back a little bit to what you were asking as to how many States—and some have but many have not—have actually ever directly funded primary care.

Mr. DUNCAN. You say some have?

Dr. SCHMIDT. I say some have, but many have not.

Mr. DUNCAN. How long have you been director of the program?

Dr. SCHMIDT. I have been with Lincoln Health Center since its inception in mid-September of 1971.

Mr. DUNCAN. And so some conditions are growing worse, and some are growing better. Is that right?

Dr. SCHMIDT. Well, we like to feel, as I implied before, that particularly as we are working where there are young children and with our teens and our prenatal care, that by combining our resources, as mentioned before, that we have begun to make some impact on the health care benefits for the teenage mothers and their children.

Mr. DUNCAN. Since 1971, have you had increased funds with most every year?

Dr. SCHMIDT. Minimally increased, to cover the raise of rising registration. Not when you say "increased funds." Now, as you know, funding for health centers is never considered inflation. But if we can justify our needs by virtue of leading indicators in both administrative and program area, then we got the funding that we were entitled to by those who are using the service.

Mr. DUNCAN. I would still go back to the State legislature. Have you asked them for additional funds?

Dr. SCHMIDT. Not directly.

Mr. DUNCAN. Why? Is it easier to come to Washington and ask for it than it is to go to your own State legislature?

Dr. SCHMIDT. No, sir, because at this particular time——

Mr. DUNCAN. They have the money. I am just wondering why you do not ask for it.

Dr. SCHMIDT. The State legislature at this time does not entertain program requests from individual programs which are not part of its total health programs.

Mr. **Duncan**. Why is it not a part of their total health program? Is this an experiment? Is it part of an experiment that runs from year to year? Why is it not a part of their program?

Dr. **Schmidt**. Mr. Duncan——

Mr. **Duncan**. I believe in what you are doing. I am just trying to find out why the local government does not take over their part of the responsibility when it is a good program?

Dr. **Schmidt**. Sir, again, if you realize that in both States and both counties they assume certain services which they have traditionally provided coverage for in both their budget allocations, primary care as demonstrated through the health care network has not been a priority for some States.

Mr. **Duncan**. It is a little bit easier to come to Uncle Sam's grab bag than it is to North Carolina's grab bag, I suppose.

Dr. **Schmidt**. Well, I would not say that. It is the tax dollar money. It is the same tax dollar money regardless of however you allocate it. I think the recognition of need depends on where you see these allocations being directly made.

Mr. **Duncan**. What do you do in the teenage alcoholism program that you mentioned?

Dr. **Schmidt**. The counselors go around to the schools and have seminars with the adolescents on alcoholism, its effects upon them, and also its effects upon newborns.

Mr. **Duncan**. Is it in your program on teenage alcoholism that you go around——

Dr. **Schmidt**. It is a prevention program which is done outside the center as well as groups which come to the center in our teenage clinic.

Mr. **Duncan**. May I thank you.

And also, thank you, Dr. Scanlon.

Thank you, Mr. Chairman.

Mr. **Rangel**. Thank you.

I just want to state for the record that Mr. Moore and Mr. Duncan have demonstrated their concern over the care of children over the years as members of the Ways and Means Committee. Along with them, Mr. Russo and Mr. Guarini, who were here for these hearings, as members of the Ways and Means Committee have also expressed their concern about children. We have other members who over the years have been very active in the protection of child health and welfare.

And joining with us, not only as a witness but in hearing the testimony of all the witnesses is George Miller from the Education and Labor Committee. Mr. Miller certainly has sponsored much of the legislation which is now law.

Mr. Miller.

Mr. **Miller**. Thank you, Mr. Chairman. And thank you for those kind remarks.

In terms of this question of the consolidation of the WIC program and whether or not you are going to be able to serve the same population or a greater population, you suggested that you are not going to be able to have number of encounters that you had last year.

I would just like to make it clear for the record that we are talking about a reduction of around $330 million for the WIC program from current funding levels. And I just do not see in any case how we expect to get the greater number of encounters out of that.

Also, for the record, to clearly state we are only serving about 25 to 30 percent of the eligible population. It varies somewhat from State to State, but in most States that is what we are serving.

Dr. Schmidt, I am just sorry that Secretary Schweiker is not here to hear your testimony, because he is over in my committee telling us that everything is going to be fine, that there will not be any cutback in the caseload. And he is giving an incredible display of ignorance of the programs within his jurisdiction.

It is too bad that he is not here to listen to you. Then he would understand how they operate, and then he might understand what the problems are going to be.

I just want to state for the record that we are talking in fact about a major cut in funding to this program.

Dr. SCHMIDT. Thank you. That was my understanding, that it was a major cut.

Mr. MILLER. It is expected to be $331.7 million in reduction in funding in this program. It is estimated that if we funded WIC at its full level, that we would save the Federal Government about $1.5 billion in health care costs that would result from having the intensive care that you have already testified to.

Thank you, Mr. Chairman.

Mr. RANGEL. We thank the witnesses. We may be calling upon you again if, in fact, we receive testimony that appears to rebut your statements.

The next panel will be executive director of the Food Research & Action Center here in Washington, Nancy Amidei. And she will have with her a WIC recipient from Goldsboro, N.C., Ms. Bernadette Williams.

Ms. Amidei.

STATEMENT OF NANCY AMIDEI, DIRECTOR, FOOD RESEARCH & ACTION CENTER, WASHINGTON, D.C.

Ms. AMIDEI. Mr. Rangel, I really appreciate not only the opportunity to be here this morning, but the thought that went into having the Oversight Subcommittee of Ways and Means together with Mr. Waxman's subcommittee, because so many of these issues play off against one another and so often either the same people are affected or, as was so clear from the testimony that we just heard, the same facilities are affected by decisions that are being made in both of your committees.

I must say that I was very interested in the testimony that we just heard, and I appreciate particularly this kind of forum to talk about these issues.

You have a prepared statement from me, and I do not mean to go back over that entirely. I would like instead to do two things in the few minutes that I am going to take this morning.

The first is just to mention something that is so much in my mind these days that I find myself repeating it almost everyplace I go. I was in the hearing room back in 1967 when Raymond Wheeler and Robert Coles and the other physicians testified that they had just come from the South, where they had examined several thousand poor children and had found children literally starving in America. And I was later working as a staff member on the Senate Nutrition Committee as we took what in those days were labeled "hunger tours" all over the United States.

Other Members of Congress tended to go to the big hotels in the big cities. We went to Watts and to Huff and to migrant camps and the South Bronx and to places that other committees did not go. And we saw conditions that kept bringing those words of those physicians back home to us and, I think, shocked everyone who was party to those hunger tours.

We, Senators and members of the press and local politicians, went into areas that most politicans never go into, and we saw people literally with no food, no health care, no way to look after themselves and their children, with a terrible note of desperation in their lives.

And then over the years we saw a change. And one of the things that has been most heartening to me is to be able to see 1 year or 2 or 3 years ago the dramatic change that was taking place as the WIC program was put into place and began to have an effect, as food stamps began to be improved and to reach out to more people, as school meals became available to poor kids in poor schools in a way they had not been before, as child care food became available to children of working parents who otherwise could not afford good daycare for their children when they went to their jobs.

As summer meals became available in the summertime when the school was out and those same children that got a free meal during the school year now were able to get meals during the summertime.

And there is no question in my mind that in addition to the evidence from the scientists, the nutritionists, and the doctors, that we have made an improvement. That improvement was visible and palpable everywhere we went.

And now, I go around and do a lot of traveling, and I meet with poor people and I meet with people who work with poor people and who work and live in poor neighborhoods. And I feel like I am reliving 15 years ago.

I have talked to people who are providing emergency food, and they tell me all over the country, everyplace I go, that in the past their emergency food lines used to be made up of mostly the deinstitutionalized, the former addicts and winos, mostly single older men, young men, people who had other kinds of problems.

Now, they say it is families, mothers holding babies, unemployed men in States where there is no welfare. For two-parent families coming with their entire family, standing in a soup line because food stamps do not get them through the month, and they have literally nothing else.

These are people whose families fall between all the cracks. They do not qualify for AFDC in over half the States. They are too young for social security. They are not disabled. The only thing they qualify for is food stamps and maybe a free meal at school. And if their children are not school age, they do not even qualify for that.

Those are the people who are showing up these days, people feeling broken and ashamed, people who have literally no place else to turn.

And now, as you have heard this morning and you will hear a little bit more in a minute, you are also talking about cutting back WIC. The WIC program is the one program that everyone points to as the most dramatic success story, because it has been the most studied and it has had the most successful record.

The Herbert study, for example, said for every $1 we spend for food for high-risk pregnant women in the WIC program, we save $3 of health care for her infant in the hospital and, according to the American Academy of Pediatrics, thousands of dollars over the lifetime of those children.

We know that it makes a difference. We know that it prevents low birth weight, and that that, in turn, can tell us that it helps prevent retardation and a lifetime of handicapping conditions. We also know that it prevents infant death.

That program is a program which is a dramatic success story. And now, last year the President attempted to cut it by 40 percent and this year he is once again trying to cut it this time by roughly one-third.

I do not know where Mr. Moore's figures came from, but last year total funding for WIC actually kind of evened out only if you included the carryover funds from the year before.

In fact, 250,000 women and children lost access to the program, not because Congress failed to act ultimately but because the Department of Agriculture, still hoping that there would be a cutback, delayed in reallocating funds. And the local administrators, feeling that they might not get the reimbursement from the Federal Government, held back, and 250,000 high-risk others and their babies lost their WIC program benefits as a consequence of that.

As Mr. Miller already pointed out, we only serve about one-fourth of the people who are eligible for that program. There are three times as many people eligible and in need of that program as we have currently in it.

I brought with me this morning some letters from people in Colorado that just came in to our office this week, a former WIC recipient who talks about how important it was to her, and a WIC nutritionist from a program out there who wanted to share her feelings about the program.

It seems to me to be the height of insanity to be turning back the clock to a time when we could honestly say that children would be starving in America. There is no need. There are other choices we can make. We do not have to do this. We know the difference the food programs can make. And it seems to me that not to make that choice is one of the most critical ones before this Congress.

The second point which is a little bit more specific is just to direct your attention for a moment to page 5 in my testimony. When I was talking with Mrs. Williams about her participating with us this morning and talking to some of the other people in the health clinic that she goes to, I asked them about the effect on them of other decisions on other cutbacks.

They said their basic health funding last year was not really cut in any dramatic way, but this year they face the possibility of losing funds from about half a dozen different sources. They now face a combination of losses from title XX social services funding, cutbacks in SSI funding for disabled children, basic maternal and child health care funds over which there is considerable uncertainty, funding under the crippled children's program. And as they pointed out, they already lost their status in some funding in MICC, the maternal and infant care clinic.

But now they are noticing a real change in their patient load. It used to be that the young women would come in who had gotten medicaid eligibility through welfare eligibility. But as those welfare and medicaid rules have been tightened up, the young women are not coming in for prenatal care.

As a consequence, they are also not getting into the WIC program. Two things follow from that. One, is that their WIC caseload is dropped by about one-sixth because of changes in welfare and medicaid and, they say, an increasing number of these young women are showing up for the first time in labor at the hospital, having had no prenatal care, no attention all through their pregnancies.

Since many of these women are very young and potentially very high-risk pregnancies, that poses a danger to themselves and to their babies. That is the combination of things that we are facing as well today.

Rather than to continue to talk about those things, I think it would be useful to the committee to hear from somebody who has actually participated in the WIC program and for whom it has made an important difference.

I would like to turn to Mrs. Williams at this point.

[The prepared statement follows:]

STATEMENT OF NANCY AMIDEI, DIRECTOR, FOOD RESEARCH & ACTION CENTER

I appreciate the opportunity to be here this morning, as you consider the impact of the budget cuts and new budget proposals on children.

This hearing has been very much in my mind lately, especially as I read the outpouring of commentary on the death of Raymond Wheeler. He was a physician in North Carolina, a past president of the Southern Regional Council, a member of the Citizen's Board of Inquiry into Hunger and Malnutrition in America, a man who spent his life working to protect civil rights and to eliminate the barriers that are created when a society tolerates ignorance, suffering, hunger, and disease.

I've attached excerpts of the testimony from the Senate hearing in 1967 at which Wheeler and his colleagues testified that they had seen children starving in America. I hope that you will take the time to read that testimony; it speaks for more eloquently than I could to the reasons why we have a food stamp program, a school lunch and breakfast program, a child care food program, a special supplemental program for Women, Infants and Children (known as WIC). I do want to read just one short excerpt from the terrible recital of clinical observations made by those pediatricians who examined poor children in 1967. They said: "In sum, we saw children who are hungry and who are sick—children for whom hunger is a daily fact of life and sickness, in many forms, and inevitibility. We do not want to quibble over words, but "malnutrition" is not quite what we found; the boys and girls we saw were hungry—weak in pain, sick; their lives are being shortened; they are, in fact, visibly and predictably losing their health, their energy, their spirits. They are suffering from hunger and disease and directly or indirectly they are dying exactly what 'starvation' means."

That testimony and the evidence compiled in the years that followed—evidence from a ten-state nutrition survey, a pre-school nutrition survey, a national food consumption survey, and other smaller surveys—led to the creation of the WIC program, to the expansion of the food stamp program, and to a comprehensive review of the child nutrition programs available to help low income children. Those programs were put in place and developed to meet compelling evidence of serious hunger and malnutrition among needy American children. It is those programs which have been proved so effective that are in jeopardy today.

Last year's budget process stripped the food assistance programs of $4 billion in food assistance. $2.4 billion of that amount came from the Food Stamp program, half of whose recipients are children. Another $2.8 billion would be cut from the Food Stamp Program in fiscal year 1983 under the Adminstration's plans. That is money that will come primarily from elderly and disabled people and from the children of people who work but are unable to make ends meet during the recession. The people affected have average household incomes of just $300–$400, and the amount of food stamps that would be reduced is an average daily benefit of just $1.30. Last week an unemployed father of five testified before the Senate Agriculture Committee. He has worked all his life since he left high school, but now he in unemployed. He lives in Indiana where there is no welfare for families with two parents, he is not yet elderly and definitely not disabled. So the only help he and his family could qualify for when his unemployment benefits ran out was food stamps and school lunches for those of his children who are in schools. They have no money for rent or utilities, no money for clothes or medical insurance. Yet the food stamps and school meals that they depend on are on the President's list for more cuts.

Another $1.5 billion came from the food assistance programs last year by drastically reducing support for the various child nutrition programs: The National School Lunch program by 35 percent; the School Breakfast program by 20 percent; the Child Care Food program by 33 percent; the Summer Lunch Program by 55 percent; the Special Milk program by 80 percent; and the WIC program by 40 percent.

The children affected by these budget cuts are in families that have no way to make up for the loss of food. For many children in the school lunch program, that meal at school provides one-third to one-half their daily nutrients. Yet there are three million fewer children participating in the school lunch program (about one-third of them from low-income families) as a direct result of last year's budget. About 1,200 schools have dropped out of the National School Lunch program entirely, and others are considering now whether they will continue to offer meals at school next year. You may recall that the school lunch program was established in 1946 "as a measure of national security," after the army found so many of its draftees too poorly nourished to fight.

Four hundred thousand children, virtually all of them low-income families, no longer get a breakfast at school as a result of last year's budget. Now that program (administered by school systems) is to be combined with the Child Care Food Program (which is not operated by schools) with a budget cut of roughly 40 percent.

For many parents who work at low-paying jobs, the child care Food Program makes it possible for them to find child care at a price they can afford. When parents and pre-school teachers in one Florida community learned that the Child Care Food Program might be cut, they wrote letters to their Senator, Mrs. Hawkins. They spoke of the benefit to the children's health and ability to learn and grow. "You just can't imagine what this cutback will do to the mental and physical state of many boys and girls enrolled in this program," wrote one teacher. "Many of the children would not have a meal at all during the day if it were not for the meals they receive (here) . . . help the children here and across this nation to survive." A teacher from Tennessee, whose program serves severely retarded and handicapped low-income children, called our office to plead for the program. Without the subsidy that CCFP provides, his program could not provide child care at a price these handicapped youngsters families could afford. Yet CCFP is slated for more cuts.

During the summer months when school is out, many low-income children depend on the meal they get at city-sponsored recreation programs. These are the same children who depend on the school lunch program in the months when school is in session. Yet that program was reduced by more than half last year, and is slated by the Administration to end entirely next year.

And, in a perverse bit of logic, what remains of the Special Milk Program—cartons of milk now only available in schools that offer no offer food service for the children—is to be eliminated entirely, as is the Nutrition Education and Training program that makes nutrition education an important part of the school lunch program and helps train food service workers in ways that cut down on waste.

The last program that I want to mention is among the nation's most successful and best known social programs: WIC.

For many of the women in the WIC program, three or four hundred dollars worth of nutritious food makes the difference between having a healthy, normal baby and a tiny, premature, even handicapped baby. As you can see from the summaries of the major evaluations of WIC (accompanying my statement), that program is credited with helping to reduce the incidence of low birth weight, and with it the incidence of retardation, handicapping conditions, and even infant mortality. It is a program which a Harvard study found capable of saving $3 in health care costs for every $1 dollar spent on nutritious foods for high-risk pregnant women, and which the American Academy of Pediatrics credits with saving a life-time of social and other medical costs.

This is a program that the Administration tried to slash last year, and is on the Administration's list for a roughly one-third budget reduction this year. It currently serves only about one-fourth of those women and children who are estimated to be eligible for the program. Yet this program is being caught in a double or even triple bind. There are already informal waiting lists for the program in most of the participating clinics and physician's offices. States have been implementing a priority system that effectively eliminates all but the pregnant and nursing mothers and very young children from the program. And, in addition to the budget reduction, the Administration proposes to combine WIC in a block grant with other maternal and child health programs that have also been losing their funding. No matter how popular the program, health professionals quickly concede that WIC would lose out in the competition for scarce primary health care dollars under the proposed arrangement.

The public health clinic in Goldsboro, North Carolina is a good example of what is happening. They lost some (though not a lot) of their basic funding as a result of last year's budget reductions. But now they face a combination of losses that pose very serious problems for the people they try to serve. They stand to lose some funds as a result of cutbacks in SSI funding for disabled children, reductions in title XX social services funding, the uncertainty over money under the Crippled Children's program, and over their basic Maternal and Child Health funds. They already lost the funds they received as a title V Maternal and Infant Care Clinic, and when that happened they tightened their eligibility rules and so excluded some patients. With other restrictions in eligibility for welfare and Medicaid, combined with a failure by the U.S. Department of agriculture to reallocate WIC funds in a timely manner, they lost potential maternity patients. Their WIC caseload dropped by a one-sixth. They are now seeing fewer maternity patients--even though the birth rate has not gone down. The women—many of them very young and potentially high-risk—are now showing up at the local hospital in labor, and that becomes the first time that they get any medical care during their pregnancy.

Given what we know about the importance of early, regular pre-natal care and sound on-going nutrition to pregnancy outcome, the policy decisions creating this result make no sense at all. Other choices could be made. Each year the treasury loses an estimated $4 billion in taxes on unreported interest and dividend income. That is $4 billion worth of taxpayer fraud and abuse which could have made all the nutrition program reductions unnecessary.

At that hearing in 1967, Raymond Wheeler talked about the children he'd seen and about the consequences if we continued to talk about the problem while tolerating its existence. He said: The time has come when this must cease. For we are concerned with little children whose one chance for a healthy and productive existence . . . is at stake. . . . I will show you the children of whom we have spoken. I will show you their bright eyes and innocent faces, their shriveled arms and swollen bellies, their sickness and pain and the fear and misery of their parents lives. Their story must be believed, not only for their sake, but for the sake of all America.

Mr. RANGEL. Your full statement, Ms. Amidei, will appear in the record.

But I do hope we hear some testimony to prove to this committee that the stories of hunger and malnutrition are not just some calculated political scheme to embarrass the administration, but are well documented.

Mrs. Williams.

STATEMENT OF BERNADETTE NOTO WILLIAMS, WIC RECIPIENT, GOLDSBORO, N.C.

Ms. WILLIAMS. My name is Bernadette Noto Williams. I am in the WIC program in Goldsboro, N.C. I appreciate the chance to be here this morning and to talk to you about what the WIC program means to someone like me.

I am married and have one child. My husband is a paint salesman. He works in a family business with his father and his uncle. When times are bad, people put off doing things like painting their houses. So our income has not been very good for the last few years.

Some months my father-in-law pays himself less in order to give my husband a little more. Most months he brings in about $600 a month. We do not get any welfare or food stamps. But with a very tight budget, being in the WIC program has been very important to us.

When I was pregnant with our daughter Cathy, my one fear was whether my baby would be born normal and healthy. My mother was anemic when she was pregnant. All of her babies were small and born early. Also, there are some health problems in my husband's family and in my family. I had read enough that I wanted to do everything I could to give my baby the best possible chance for a good start.

I had read that women who got on the WIC program had bigger, healthier babies. When I was about 2 months pregnant, I went to the health clinic in Goldsboro. They were very thorough. They asked me a lot of questions about my medical history and did a lot of tests.

We talked about what my husband was earning at the time. Since it was so low, they put me on WIC for my whole pregnancy and for 6 weeks after Cathy was born. Every month when I came in for my WIC coupons, they gave me a checkup and saw that I was getting good care. The last 2 months I had more appointments, with a careful checkup every time. That did a lot to put my mind at ease.

Our daughter Cathy was born on time and a beautiful 6 pounds and 11 ounces. I had a long labor, but she was a healthy normal baby. I was so thankful, every time I picked her up I had tears in my eyes.

I brought Cathy to the clinic because I tried to nurse her but she did not gain weight like she should. The WIC clinic tested her blood, and the doctor talked to me about how much she was eating. Then they put her on the WIC program. First she got just formula. After a while she got juice and cereal and then whole milk. Now she gets milk, cereal, eggs, cheese, and juice. Every 6 months they check her, they do blood tests and check to see how she is growing.

They know about our income because they check that every 6 months, too. They want Cathy to get whole milk and other foods she needs. I will take her in for another checkup soon to see if she should stay on WIC. If our income stays low and Cathy needs the extra food, she could stay on WIC up to 5 years of age.

I heard that there is some talk of stopping WIC after age 3 to save money. With a gallon of milk costing over $2 already in Goldsboro and with business slow, that could be a problem for families like ours. Our car is 15 years old. We pay $135 a month to rent our apartment. Lately, our electric bill is $163 a month. Rent and electricity takes up half our monthly income already.

If prices keep going up the way they have, we will still need the help we get from the clinic. We trust the clinic, and the extra food we get from WIC is very important. It may not sound like much to you, but to us it makes a real difference.

There is one other thing I want to say. I hear the talk about fraud, but this is one program that cannot be abused. There is just no way I could have cheated on my pregnancy test or could be cheating on my daughter's blood tests every time. The clinic checks us, and they check on my husband's income, and they tell us we should keep our WIC ID card with us all the time. Then if we shop at a store that does not know us, we will have proof that we are in the program.

If some man stole my WIC coupons, he could never prove that he is pregnant or a mother. [Laughter.]

I am so pleased with the health care I get at the health clinic for me and for our daughter. I tell people about the clinic and about the WIC program all the time. My sister-in-law had trouble with her first baby, but she did not know about WIC. Now, with her second child, she and her children are on WIC. They get the same peace of mind I get. We know we are in good hands. We know we are getting our children off to a good start.

I cannot repay the clinic for everything they do for us. I do give them Cathy's toys when she grows out of them. It is not much, but the clinic can use the toys. It is one way I can show my thankfulness.

I am only one person, but there are many more families just like ours who are trying to get through hard times without taking any chances with the health of our children. We work and pay taxes. We make sacrifices, and we will do without things. But when it comes to our children, that is different. We do not want to sacrifice their health. WIC makes it possible for us to get by and still protect them.

When you decide about the budget this year, I hope you will make sure there is enough money to let WIC go on helping people like us. Thank you.

Mr. RANGEL. Thank you.

Mr. Moore.

Mr. MOORE. Thank you, Mr. Chairman.

Mrs. Williams, we certainly appreciate your testimony. I am particularly impressed with your sincerity and also your willingness to try to reciprocate to the clinic that helped you. That is a very noble attitude on your part. I just wish more citizens shared your concept of returning help to the Government in any way that they can to support the services and make it all work as well as possible, and in the least expensive manner as possible.

I commend you for that, and thank you for being here.

Ms. WILLIAMS. I was told that the Goldsboro Clinic could not afford to buy any more toys. So this is one way for me to help them out.

Mr. MOORE. I am willing to bet that if you started talking to your neighbors, you would find yourself taking even more toys down to that clinic. You might try that. I think the American people are probably the most warmhearted and generous people in the world. I am willing to bet that if folks in Goldsboro knew what you know, you might find all the toys you could handle down there. You might try that.

Ms. Amidei, I appreciate your testimony. And certainly you bring us a disturbing message that we ought to consider and will consider. Some of the programs that are part in this broad area of child nutrition, we on the Ways and Means Committee do not have much control over, such as the school lunch programs and whatever. So that is a little bit out of our field. But we appreciate your testimony in any event.

You asked a moment ago where I got the figures I had on WIC. The only place I knew to get them was from the committee report before me, which shows an increase and from the figues from OMB which show an increase. I know nothing more than what I am told by the committee staff and by the administration on what those figures are.

I have a question for you. One of the areas you mentioned in your testimony was the school lunchroom program. As I said, that is not in our committee's jurisdiction. You indicated in your testimony that the school breakfast program was reduced by 20 percent this year, below last year. Again, we must be looking at different figures, which is entirely possible, because the committee report shows again an increase in funding in the school breakfast program for 1982 over 1981.

Do you have any additional information on that?

Ms. **Amidei**. We have worked with figures that have been supplied to the Department of Agriculture and also working closely with the American School Food Services Association. I will be glad to go back and check our figures, but we understand there has indeed been a reduction.

Eight hundred schools, incidentally, have dropped out of the program entirely because of the funding cutbacks, and about 400,000 children, virtually all of them poor children, are no longer getting breakfast at school.

But I would be pleased to doublecheck that for you.

Mr. **Moore**. You can submit that to the committee staff, if you would, because the committee staff's understanding is that funding went up from $321 million to $335 million this year over last. That is an estimate on their part.

[The information follows:]

The subcommittee chart compares fiscal year 1981 actual expenditures ($321 million) with fiscal year 1982 estimates for expenditures ($335 million). This implies an increase of $14 million in spending. In reality this $14 million is the result of updating for inflation the school breakfast rates of reimbursement. The funding level of $335 million in fiscal year 1982 represents a 20 percent cut or $78 from the fiscal year 1982 current policy level of $413.2 million. Current policy level is the funding needed during fiscal year 1982 to provide the same services as were funded by the 1981 appropriations in effect at the time President Reagan took office. This cut in the school breakfast program has, according to recent USDA figures, resulted in 1,100 fewer schools participating in the breakfast program this year compared to last year. Also there are 500,000 fewer children (75 percent of which are poor) participating in the program.

Mr. **Moore**. The second question I would ask is whether or not there has, in fact, been a reduction in the school lunchroom program funding? Again, according to the committee report I have before me, the special section 11, free and reduced-cost lunch programs for the most needy students, went up from 1981 to 1982, but there was a substantial decrease in the regular or section 4 school lunch programs from 1981 to 1982.

Now my question is, is the regular or the section 4 where the reductions actually occurred? Isn't that in the area where the Congress determined that people making over $17,000 a year were not entitled to the subsidy any longer? Hasn't the reduction already occurred, as far as we are concerned, by the fact of the fundings denying people over $17,000 a year a subsidized school lunch?

Ms. **Amidei**. Not quite. What the Congress decided was to lower the eligibility limits for the reduced-price and free meals, but all will get some subsidy, including the meals to the children who are outside that range entirely. That is partly because to the person who operates the school meal program it does not make any difference what source you are giving it to him under, it all goes into the pot that he needs to be able to operate a meal at a reasonable price.

And one of the things that happens when all of those funds come together is that the revenues from the paying children go into that pot.

The subsidy, much smaller, of course, for the children who can pay full price but larger for children from poorer families, goes into that same pot. The commodities, the surplus commodities, go into that same pot, and it combines in a variety of ways. It gives the administrator the economies of scale to be able to buy in bulk and cut down their costs. It makes it possible for them to maintain the cafeteria. And it makes it possible for them to operate a meal program at a reasonable price.

Even if Congress says it is targeting on one piece of that subsidy, to the administrator it does not make any difference. They need all of it to make up the reasonably priced meal. And when Congress cut a billion dollars out of that program last year, it affected the ability of those administrators to operate at a reasonable price.

So that is why they raised their prices. And raising the prices drove many of those paying children out of the program. Again, lowering the numbers cut back on the economies of scale and threatened the program.

They tell us now that all through the spring school boards are going to be making decisions about whether or not to participate this year.

The American School Food Services Association has a listing State by State of the schools that have dropped out. They tell us that if there are any more uncertainties or any more cutbacks from any one of the sources of funding for the school lunch program, that they all expect dramatic reductions in participation in school lunches next fall.

Mr. **Moore**. According to the committee report, we do not have any information—of course, this is not before our committee—that there is any anticipated further reductions in funding for any part of the school lunch programs. As a matter of fact, an increase seems to be in line for both parts of the school lunch program.

Ms. **Amidei**. The hope is that this year there will not be further reductions.

Mr. **Moore**. That is what the report says, that there will be increases next year.

Ms. AMIDEI. There was so much adverse—how can I put it diplomatically—there was a lot of reaction to the notion of giving children catsup as a vegetable last year, as you may recall, and I think that helped to get a lot of people to focus on the issue and on the program. And this year by and large we understand there is not a plan for additional cuts.

But the schools and the administrators are justifiably nervous, because they said they went through a terrible time last year, never certain from one month to the next what they would be able to plan on. They are a little bit worried about how rising costs are going to affect them next year.

Mr. MOORE. I have visited with the school lunch program people in my congressional district, and they have expressed the same fears to me. Sometimes, I have to admit, I wonder if they are not more concerned about their particular job than they are about the program. But that may be too skeptical.

Let me ask you this. What you are telling me then is that in order to make the whole mix work, you have to subsidize all children's lunches regardless of the ability to pay?

Ms. AMIDEI. That is right. That is correct, to some degree. It does make sense, if you think about the origins of the program. We did not have a national school lunch program until 1946. The reason we got it in 1946 was because so many of the young men being drafted up for service in the Army during World War II were found to be so poorly nourished that the Army expressed grave concern. Many of them could not even be brought into the Army, they had to be built up first.

And when Congress passed the National School Lunch Act just after the war ended, they began their introductory words to the statute itself by saying that it is the intent of Congress as a measure of national security—that is the first purpose listed in the National School Lunch Act. Then they go on to talk about to protect the health and well-being of the Nation's children and to provide a market for nutritious agricultural commodities.

Mr. MOORE. Being somewhat facetious, you would not accept this then as part of the cuts in the national defense budget then, would you?

Ms. AMIDEI. I find it ironic that it is not getting even more money under the circumstances.

Mr. MOORE. In the time I have yielded back to me. In my congressional district and I think it is true in most districts, we have certain schools where the great majority of students really have the ability to pay. However, we have other schools in other parts of the district where most of the students need a subsidized lunch program.

So in those cases the mix you were talking about really did not come into play. You are talking about a school that has a mix in the student body of students that need the subsidized program and those that do not. By cutting back those who do not need it, you are afraid we will reduce the total funding to that school lunch program so that they cannot operate.

What puzzles me is why can't the school board find those mixed schools and contribute to them the difference needed to make it up?

Ms. AMIDEI. Many of them do

Mr. MOORE. Why do we have to pay for the funding of kids who really can afford to pay themselves? Why do our taxpayers have to do that? My kids, where I live now, go to public schools. There is not a kid in that school who needs a subsidized program. Why should the taxpayers be made to pay for their lunches and their breakfasts? I do not understand that.

Ms. AMIDEI. Let me tell you something that I hear from teachers all the time, including teachers who in the kinds of schools you are just describing. They tell me that when parents are going through a divorce or separation, very often a kid's lunch does not get packed in the morning. The children's lives are in turmoil.

Mr. MOORE. I have heard that. But is it not true about supper as well? Should we not then have a program where we feed them all three meals a day? We could take that to the extreme.

Ms. AMIDEI. We can do something to make sure that at least while they are in school and expected to learn and be alert that we are trying to do something to assure that those children are going to get the most out of their education.

They also tell me that very often if there is an illness in the family—someone I knew well died of leukemia just about a year ago, leaving four young children. I know that during the time when that mother was going through chemotherapy and having good days and bad days, despite a very helpful community and a good church and everything else, there was no way that other people could move into their lives and take over for them. But every day they could send the children to school with a little bit of money and get a good lunch.

Mr. MOORE. Well, the school I am talking about where my children go, still has a lunch program and the kids are paying for it.

Ms. AMIDEI. But it is still subsidized.

Mr. MOORE. We are not going to resolve this, and I am no expert in this field, because it is out of our committee jurisdiction. But I want to thank you for bringing the information as you have. I remain unconvinced that at a time when we are trying to economize and put the dollars where they are absolutely essential, perhaps the WIC program, I remain unconvinced by the local school people in my district or by your testimony that we have to subsidize everybody's lunch to make it work.

My kids can pay for it. They should pay for it. And I just do not think it is right to have somebody in my district making $10,000 to $15,000 a year or lower to pay income taxes to support my kids' lunches. I think it is a waste of the Federal taxpayer's dollar.

I understand the mix problem, and we do have schools where we have the blending of the two groups, and you have a problem there. I think that is the job of the local school board to work that one out.

Ms. AMIDEI. It occurs to me there has been one change in the law. There is no longer a subsidy in those schools which charge tuition over a certain amount. So there are some schools that will not get any subsidy at all.

But most of the schools do have some kind of economic mix. There are a handful of schools that presumably do not have any tuition and still do not get into that mix. I am also personally less concerned about some of those schools. I am very concerned, though, about the children overall and about the children in the mixed schools and now increasingly, as I meet parents who do not qualify for anything else, who depend on those school meals as a source of food for their children, I understand, with even greater urgency, how important those school programs are. Without them, the children will not eat. There is simply no way the parents can make it up at home.

Mr. **Moore**. I would say I fully agree with you. If you have a child who is not being properly fed, we hopefully can give him free or greatly reduced meals in the public schools. If they can afford to pay, they can pay for it.

I think we are talking about a total school spectrum, however. We are talking about the middle part as being jeopardized. The schools in the lower end of the spectrum who have a high concentration of students that qualify for the free or subsidized lunches, are still getting them because the mix there is still going in that direction.

On the other end of the spectrum, we are talking about children and schools, similar to where my children attend right now, where the mix is clearly not needing the subsidized lunchroom.

But you have on the fringes of an urban area or maybe in the heart of it, you have a mix. That mix is the problem, I agree with you. But I think it is far more efficient for us to attack that problem than going back to where we were and subsidizing everybody to attack that problem.

So I think we are disagreeing, not on the need, but on the method. But I thank you for your testimony.

Ms. **Amidei**. Thank you.

Mr. **Rangel**. Following Mr. Moore's line of questioning, I would just want to enter into the record this same background material that has been prepared for all members of this committee. Directing my attention to page 17, it indicates that for fiscal year 1982, the budget change in the child nutrition program would cut the school breakfast program by 20 percent—by eliminating 800 schools and over 400,000 kids.

It goes on further to indicate that the school lunch program was cut 30 percent, or $1 billion, affecting over 2,000 schools and 3 million children. Further on the bottom of page 18, it indicates that in the fiscal year 1983 budget, the administration has proposed even further cuts in child nutrition programs in fiscal year 1983.

I recognize that the gentleman from Louisiana probably was directing his attention to page 20 of the table that we have in the same booklet.

I think it is fair to say that many of these programs have been reduced dramatically and transfered to a block grant concept. I think it is safe to say that the administration has promised a reduction in budget expenditures, notwithstanding inflation, in programs that we are hearing about this morning.

Mr. **Moore**. Mr. Chairman, I thank you for that illumination on the issue. I am referring to the chart on page 20, which gives the figures. I cannot explain why the words say one thing and the numbers say something else.

Mr. **Rangel**. Count up all those zeros on the side, and that brings a little more clarity.

Mr. **Moore**. I think we have pinpointed where the cuts have been, and I think they are in the area of $17,000 a year. That is the question: do we need to fund everybody or just those schools that have a mix? That is something that is out of our hands anyway.

Mr. **Rangel**. I think it would be so helpful to the members if they could target in the way you have effectively done with your line of questions and get to those programs which we may have problems with and avoid the overall package reduction which allows one program to compete against the other when only the kids are the victims of it.

Mr. Miller.

Mr. **Miller**. Thank you, Mr. Chairman.

Let me suggest that the choice is not to subsidize everybody's lunch to make the program work. What the Congress could have done last year is they could have stopped subsidizing children's lunch that comes from families who could well afford to pay for the lunch and put that money into helping low-income families purchase the school lunch. They did not do that. They took the money out of the program and you have destroyed, as Mrs. Amidei has pointed out, you have destroyed the overall economics of the program.

And when they testified before our committee, in fact, nobody was going to drop out of the program under Mr. Stockman's scenario, some people ventured forth 5 percent, and what we are now looking at is about 15 to 20 percent of the population starting to drop out, with school boards making this decision.

So what the Congress would have to do is make the conscious decision to fund the cost of the school lunch program for those children in need. But we refuse to do that. If we were as kind and as warmhearted as those people we represent, we might have considered doing that.

So what you see is the overall economics of the program in fact eating into the entire program, and when school boards are confronted the decision to keep this option versus math programs or band programs, school lunch starts to go.

There is a very ugly fact. The middle-class kids were kept in this program so that school boards would not terminate this program when it became the province of minorities and poor children, because that was happening also in various areas.

But we still have to address the problem that we are losing hundreds of thousands of children. When the programs close, because of the economies, they close for everyone. And what we are finding out is that perhaps your child and my children, who should not be subsidized, are not affected by the close of the program, but for the poor child in that district—and it is not just a school problem—but for poor children that program is closed and they have no other option. It just does not exist.

So we are going to have a very difficult task, and this administration had better decide whether or not they want to take care of the truly needy, because what they are doing through the backdoor cuts is in fact they are destroying the program for the truly needing by saying they are only cutting it for the paying child.

But as we have already seen demonstrated, the impact is a loss of the program. So now they have to address the truth and decide are they going to fund the program or are they not? Only for the needy, but so far that decision has not been made.

Ms. **Amidei**. Incidentally, Mr. Miller, there was a school district, to pick up on the point you are making, in Minnesota in which half of the meals, almost half of the meals last year, were served free or reduced-price. And that school district has closed down its program entirely and now makes a meal available only to the children who can pay, and there is no recourse for the children who cannot.

You have also reminded me that I failed to mention the special milk program which is now scheduled if the President's proposals are accepted, to be eliminated, although it only operates in those schools that have no other food service now because that was a savings as of last year. So now the places where the children can only get a carton of milk are going to be denied a carton of milk.

Mr. **Rangel**. Mrs. Williams, while it appears that we are going to have proposals and cutbacks, have you heard from any of the local or State officials that they would be prepared to fill the gap if indeed your Federal Government cut back on these programs?

Ms. **Williams**. No, sir.

Mr. **Rangel**. Have you heard from your local priest or rabbi or minister that the church or synagogue would be willing to come forward and provide this health care for your children?

Ms. **Williams**. No, sir.

Mr. **Rangel**. Is there any reason for you to believe that the parents who have been the beneficiaries of this WIC program, your sister-in-law and others that participate in the program in Goldsboro, could afford on their own the services that they are receiving under the WIC program? Do you know whether they have independent sources of income that would allow them to get this type of service from a nonfederally funded program?

Ms. **Williams**. No, sir.

Mr. **Rangel**. You do not know any big shots taking advantage of this program, do you?

Ms. **Williams**. No, sir, I sure do not. I have not come across any of them yet.

Mr. **Rangel**. Is there any reason why these hungry kids that are suffering or could suffer would want to embarrass the administration by going through all this hunger and discomfort?

Ms. **Amidei**. No, sir.

Mr. **Rangel**. I want to thank you. And if you hear of anybody who is abusing these programs, please contact——

Ms. **Williams**. Believe me, if I see any abuse in the program, I will stop that person, believe me. I will get ways of stopping that.

Mr. **Rangel**. I know Mr. Moore and I are both convinced of the sincerity of your testimony, and the gratitude that you feel is appreciated by all of the members of this committee. We thank you very much.

We have a congressional delegation that will be following, the Honorable George Miller from California, joined by my friend and distinguished colleague from New York, and also from the Education and Labor Committee, Ted Weiss. We also have the Honorable Barbara Mikulski from the Energy and Commerce Committee and the Health and Environment Subcommittee testifying. Congresswoman Mikulski was with us in Baltimore when our committee went there and was able to assist us in determining the full impact of the cuts.

STATEMENT OF HON. GEORGE MILLER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. **Miller**. Mr. Chairman, I have a written statement that I will enter into the record, and I will try to be brief in my summary.

Mr. **Rangel**. Without objection.

Mr. **Miller**. I think the most difficult task for me personally and certainly in the last year or even more so once again this week as we have started hearings with members of the administration, is to somehow try to figure out how to contain the rage that I feel inside as time and again I watch the spokesmen for this administration come before Members of Congress and try to dress up their proposals to slash and to cut the social programs that are helping the very special population in this country, a population with basically no other resources other than these Federal programs.

They may be discretionary programs for the Federal Goverment, but for the recipients they are absolutely mandatory if they are going to survive.

This morning we saw a dazzling display of ignorance by Secretary Schweiker as to the programs within his department, as to the funding levels of those programs, and an inability to discuss with Members of Congress the particular nature of the cuts whether or not they were administered by his programs. Yet all the time trying to tell my Panel on Education and Labor that in fact they had the best interests of the American poor people at heart. It is just not so.

You know, the subject of these hearings, the impact of these budget cuts on children, is important, because children are neither powerful nor are they political. They do not lobby Congress, they do not contribute to our campaigns. And as a result, generally they remain the victims for the most part, of this administration's proposals for budget cuts.

What outrages me is that the program cuts this administration is proposing that will affect children are in fact the programs which have been the most succesful in turning around poverty in this country, in getting rid of illiteracy in this country, in providing children a chance to read and write, in ridding this country of malnutrition, of hunger.

They are programs that have been least beset with waste, fraud, and abuse—the WIC program has never had an allegation of waste, fraud, and abuse against it. You have to be at nutritional risk, you have to be certified by a doctor that you or your child are in that position. And then and only then can you get high-protein supplemental foods from the Government.

That certification takes place on a constant renewable basis. As you just heard here, the baby's blood is checked, the mother's blood is checked. Either she is or she is not a nutritional risk. Nobody is defrauding that program. And yet we are only taking care of some

20 percent of the eligible women and children in this country. The others are still having babies with birth defects, with mental retardation, babies who are dying. Because that is what the studies show. The women who participate in the WIC program have one-third of the infant mortality—infant mortality, dead babies—as compared to those women who do not participate.

So it is paying for itself. As you heard from Ms. Amidei, for every dollar we spend in the WIC program we save three Federal dollars because we do not have to put children into intensive hospital care that may run hundreds of thousands of dollars for the care of that child.

That program was started not by the Congress, but was given to us by the March of Dimes, who said scientifically we can relate low income, low birth weight, and mental retardation and birth defects. And if we can just keep that baby when it is born, over 5.5 pounds, we have a tremendous chance to keep it away from birth defects and from retardation.

This administration has chosen to do otherwise. This administration has chosen to go back, to go back in a time when once again the birth weight of those children will drop below 5.5 pounds, and once again we will experience the grief of parents as their children are born retarded, as their children are born physically defective.

And we will experience the drain on our treasury as we try to pay for the care of those children, not just at birth, but the tens of thousands of dollars a year it costs, in your State, to keep children in an institution to provide them with 24-hour care because of their birth defects.

Other programs have worked, and they are subject to cuts. This committee and our committee worked for 8 years. After listening to testimony about the 500,000 children who are lost in our foster care system, who were kept in institutions through no fault of their own, children who had committed no crime but were kept in institutions, and the Federal Govermment was writing the bill.

It is estimated that in your city alone, Mr. Chairman, hundreds of millions of dollars are expended to keep children inappropriately placed. They could be adopted but they are kept in institutions. In my State, the same problem exists.

So this committee enacted the Adoption Assistance and Child Welfare Act of 1980. Less than a month after he came to office, President Reagan suggested that that act be repealed, be repealed in spite of the fact that every State has supported that act as a means of reducing the number of children in institutions.

The GAO, your comptroller general from the State of New York, the auditor general from the State of California, have testified that it would save billions of dollars on children who we now pay to keep in institutions. You will hear from Barbara Baum and Carol Bellamy, who again are seeing a rise in institutionalization of children and the cost to the cities and States.

So what do they do if they want to repeal it? They block grant it—repeal by another name.

And only last week or the week before, the Senate Finance Committee was told of children in Oklahoma who have been chained to their beds, they have been tortured, they have been beaten.

Those were the same stories we heard in 1976 from Florida, from Illinois, from Texas, from Louisiana, and that is why the Congress changed the law. And now we may see it repealed. Title I, Head Start, these are the centerpieces of this country's effort to try to equalize educational opportunity, to try and see that children are not stunted in that opportunity.

And what do we see from this administration? We see the President telling the press, and they believe him, telling them that he supports Head Start. What he does not tell them is that he has cost Head Start millions of dollars by cutting title XX, that Head Start has lost over $50 million because they lost the CETA employees who worked in Head Start centers, because they have lost their nutritional programs, because they lost their title XX moneys.

So what he does not really tell them is that as he is pouring money in the top of Head Start, he is taking it out of the bottom. And yet they continue to believe that he has children's best interests at heart.

Title I, what do we know about title I? Even by this administration's own audit, we know that children who participate in title I read better, they learn better, they compute better than their peers who do not get to participate in title I. Again we are only meeting about 25 percent of the need.

What do they do after they've learned to read and compute? They retain it longer. They do better in secondary education than the children who did not participate in title I. And what is this administration doing? It is slashing its funding for title I.

They have no evidence. They have no evidence on WIC. They have no evidence on foster care. They have no evidence on Head Start. They have no evidence in title I of waste, fraud, and abuse. They have no evidence that the programs are not working. In fact, every audit is exactly to the contrary. And yet this administration is cutting these programs and this administration is trying to tell us that they are the children's best friend.

Well, let me tell you that this administration, with its Secretary of HHS and the Secretary of Education, is going to reign over the greatest increase in drug use in this country by young people.

In spite of Nancy Reagan's efforts, it is going to reign over a return to malnutrition among our schoolchildren. It is going to reign over the greatest institutionalization, the improper institutionalization of young children in this country. We are already seeing those statistics dramatically increase.

It is going to reign over increased illiteracy. It is going to reign over reductions in educational opportunity, like no other administration in recent memory. And that is the same administration that will try to tell the American people that it is in favor of children, it supports its children.

That is the same administration, as Secretary Schweiker said today, that is deeply concerned about the plight of children with special needs, who are in need of loving adoptive families, except they cut the very program that is designed to provide those children with loving adoptive families.

The rhetoric does not match the record. And I dare say that each and every time that they have come before our committee they have testified—David Stockman testified, Secretary Schweiker testified, Terrell Bell testified, Dorcus Hardy who runs Head Start testified—they all testified that these programs are successful. They all testified that they are working.

But then what do they do? They destroy these programs. They cut the money, not based upon reports or recommendations; they simply said that is where the big bucks were, and so we had to cut the program. Foster care, adoption, title I, Head Start—decimated because of the money, not because they were wasteful, not because they were being fraudulently run, not because they were being abused. Just the opposite.

These are the centerpieces of our antipoverty effort. These have been the most successful programs the Government has ever run. As Mrs. Williams said when she sat here, it is the most successful program.

When we thought it up with Senator Humphrey some years ago, we never thought that it would be this successful. Never in our wildest dreams did we think we would have that kind of impact on infant deaths, on retardation. We never thought that would happen. And now we see it going out the window.

We see an administration that does not want to look at that record. We see an administration that is going to take the child that is born 9 months from now and put him right back on the roulette table with the chances of birth defects and retardation.

And let me tell you—it is ironic for an administration that talks about the murder of fetuses—when an administration acts with the kind of knowledge that we now have, when you know you can prevent that death, when you know you can prevent that retardation, when you know you can keep that child from being a ward of the State for the rest of his life, when you know you have the scientific technological capability to do that, and you fail to do that, then I think that is in law what they call "malice of forethought."

And they are taking those lives. They are robbing those women of their children, those families of their joy. And they are robbing it as a conscious decision, because the knowledge is available to them just as it has been available to you, Mr. Rangel, and to my colleagues here and to others.

Those are not hard choices. Those are wrong choices. They should not be tolerated for a minute by people in this Congress and people in this country.

I just want to say thank you very much—because I am not doing well at controlling my rage right now—for having this hearing and giving me the opportunity to say some of these things to you and other people who care about kids. Thank you.

[The prepared statement follows:]

STATEMENT OF CONGRESSMAN GEORGE MILLER

IMPACT OF THE BUDGET CUTS ON CHILDREN

It is difficult to imagine a more important task than that represented by the charge of this hearing: To access the impacts of the administration's budget cuts on our Nation's children. I am sure that by the end of the day, this administration's assault on this defenseless population—a population we commonly refer to as "our most important resource," and "our greatest source of hope"—will be appallingly obvious.

Children are neither partisan nor powerful. They cannot lobby on their own behalf, they cannot vote, and they cannot make campaign contributions. They are poor or handicapped or left without parents through no fault of their own. Children must depend on us to protect and advance their cause. And now they need us more than ever.

This administration claims it cares about children. This is simply not so. This administration's concern for children is sheer hyprocrisy.

This administration would have us reverse a steady path of progress:

Progress in reducing our infant mortality rate.

Progress in bringing more and more children into this world as healthy babies and insuring that they receive essential health care during their formative years.

Progress in assuring handicapped and disadvantaged children equal educational opportunities.

Progress in placing foster children in stable homes rather than losing them in institutions.

We did not establish the programs and policies that have forged these accomplishments because we had nothing to do one day, but because they are the fundamental goals of a civilized and humane and compassionate society, because we were told repeatedly about distressing problems and unmet needs. We have seen our solutions work and we have seen them save money. It takes only a few examples to set the record straight:

WIC

The March of Dimes informed us of horrifying statistics about high infant mortality rates, birth defects, and mental retardation.

We learned that these outcomes could be traced to severe cases of malnutrition among low-income, pregnant women.

So, we designed the WIC program—the special supplemental feeding program for women, infants, and children.

This program provides nutritious food to supplement the diets of pregnant, postpartum, and beast-feeding women and their children who are medically certified to be at high nutritional risk.

And it has worked. It has worked not only to save lives, but also to save money.

A study by the Yale School of Medicine revealed that, for pregnant women participating in WIC, the number of infant deaths was almost one-third the number for women who did not participate.

We also know this program is cost-effective: A Harvard School of Public Health study shows that every dollar spent on WIC saves $3 in future medical costs. And the USDA has estimated that.

If WIC reached all eligible pregnant women, the savings to Federal taxpayers could exceed $1 billion.

FOSTER CARE

We heard about some 500,000 children who were caught in limbo in the foster care system, two-thirds of them placed inappropriately and at a cost of billions of dollars to taxpayers.

So, we enacted the Adoption Assistance and Child Welfare Act, which passed with resounding, bipartisan support in 1980 after 8 years of work.

This legislation provides essential safeguards for foster care children.

It contains incentives for State welfare agencies to reunite families whenever possible or to place children in stable adoptive homes.

The Department of Health and Human Services estimated that, if properly implemented, this program could save as much as $4 billion in taxpayer expenditures over the next 5 years.

We know that, in the communities and States that have implemented the types of procedures contained in the act, the foster care caseload has been reduced.

TITLE I AND HEAD START

We heard about children who remained virtually illiterate, despite years in public schools.

We learned that these early educational losses which stunt the opportunities of children to become productive members of society can be reversed.

So, we created Head Start and title I of the Elementary and Secondary Education Act—the centerpieces of this country's compensatory education policies.

And these programs have worked.

We know that Head Start has produced lasting educational gains for its graduates. They score better than their non-Head Start peers on standard achievement tests, have fewer grade retentions, and fewer special education placements.

We know that title I has exhibited an equally impressive track record confirmed recently by the Department of Education's own evaluation of the program.

Yet, despite these programs' successes, this administration has repeatedly attempted to destroy them.

Last year, the Reagan Administration proposed:

To cut WIC by over 30 percent. Nearly 700,000 low-income women and their children would have been forced off the program.

To block grant and cut by 25 percent the adoption assistance, foster care, and child welfare programs, thus repealing the 1980 landmark legislation.

To fold title I into a block grant and reduce its funds by 25 percent, school districts have already reduced personnel and dropped students from compensatory education projects.

To request a meager 2 percent increase for Head Start that does not begin to keep pace with inflation.

In addition, the administration recommended cuts in CETA, title XX, and child nutrition programs, which have had severe impacts on Head Start.

Now, here we go again—despite the clear messages of Congress to the President to keep his budget ax away from foster care, from WIC, from title I, and from Head Start—the administration has renewed efforts to decimate these programs.

And again, administration officials will minimize the impacts of these cuts, such as last year when the Administrator of the Food and Nutrition Service assured us that their cuts would not force a single school off the school lunch program.

But, the USDA has documented that 1,500 schools are no longer participating in school lunch and the American School Food Service Association estimates that at least 3 million children have lost their lunch programs as of January 1, 1982.

Let me ask again; why should we cut these valuable programs?

Not a single member of the administration has testified that these programs don't work. In each and every case, the administration officials have acknowledged the successes of the very programs they want to destroy.

Secretary of Education Terrel Bell has confessed that, "The rational for the budget cuts was not based upon any alleged failure of title I. I know, and I can testify to this committee, that our title I programs are successful."

Deputy Secretary of Agriculture Richard Lyng admitted: "No one questions the importance of the WIC program in preventing nutritional and medical problems of pregnant and nursing women and infants, especially those with measurable nutritional problems."

Dorcus Hardy, Assistant Secretary for Human Development Services, just last week, told the Human Resources Subcommittee that the administration is "very supportive of Head Start. Which she described as "one of the most important and effective" of federal social programs.

So, on what basis are they gutting these programs? What are their justifications? There is only one: We need to cut the budget. Yet, even if we totally eliminated these and similar programs that serve needy children, the President would still be faced with the largest Federal deficit in history.

Where is their evidence that these cuts will, in fact, save money in the years ahead? Where is their evidence that these programs are ineffective? There is not a shred of evidence.

The administration knows that these programs work, that they are cost-effective, and that they help children. Yes, they cost money . . . because they do their job. And, if we do not have the wisdom and the courage to fight this administration's efforts to decimate these programs, our shortsighted frugality will haunt us later in the form of massive unemployment, welfare, and health care costs.

What we are talking about here is the kind of future we want our children to face. And for some children, the tradeoffs we are talking about are between literacy and illiteracy, between a healthy life and a life stunted by malnutrition and poor health care, and between a stable home and a life lived in institutions. Children are counting on us. Their parents are counting on us. And the American public is counting on us. We owe them all a fight.

Mr. RANGEL. Thank you.

Congressman Ted Weiss, a member of the Education and Labor Committee, from New York.

STATEMENT OF HON. TED WEISS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. WEISS. Thank you very much, Mr. Chairman. I too want to express my appreciation for your convening these hearings. They are extremely important. And it is a special privilege to be on the same panel as George Miller and Barbara Mikulski.

The rage that George Miller talks about and demonstrates is sorely missing in most hearings. Yesterday the Secretary of Education testified before us; today the Secretary of HHS. What is most disconcerting is the extremely dispassionate discussion with mumblings back and forth. One has no idea what they are talking about when they respond to your questions.

I am not sure if they are defending a program, whether they have been set up as sacrificial lambs or whatever, but there is no dialog between Congress and the executive branch as we have come to expect it over the years.

The so-called concern of the administration for the truly needy is acknowledged by Secretaries Bell and Schweiker to be a concern that will be honored only as budgetary constraints allow. And it is clear that what they did was to start out with a number given to them by the Office of Management and Budget as to what they could spend. And like the good bargainers that the OMB people are, they gave them a lower public figure than that which they were willing to settle for.

And so the Secretaries can come in and claim that they have waged a magnificent fight inside the administration and are proposing something far better than would have been the case if they had not put up this tremendous fight.

In the meantime, of course, programs are being cut back significantly. We had an indication today in our hearing of the numbers game that is being played by the administration. We were told that one of the reasons we have to cut back these programs is that in spite of all these cuts, HHS' budget was going up by $20 billion.

We tried to explore that assertion a bit. We discovered that the $20 billion increase they are talking about is in the area of the various trust funds and social security, and that they received dollar-for-dollar increases in revenues, in taxes that people are paying in for social security benefits.

So whatever deficits they may be running, continue to run as they have before, but they are certainly not as a result of these special programs. And I hope that in the course of your further hearings, because I know that you have a more direct, ongoing relationship with the Secretary of HHS than we do in Education and Labor, perhaps you can get a clearer enunciation as to what exactly their numbers really mean.

The programs, as George has indicated, have been amply demonstrated to meet a real and legitimate need. And yet, the HHS Secretary tells us that the reason they have to cut back the WIC program by 32 percent after rolling it into a block grant, which is what they are proposing for fiscal year 1983, is because over *x* number of years—I do not know if today's number is 5 or 7 years—the program has gone up by 900 percent.

But the fact is that only a small percentage, 30 or 35 percent, of the needs are being met under the WIC program as it is. If you started out not meeting any of the needs at all and you have a tremendous need out there, of course, the costs are going to go up.

What they do not take into account is that if you do away with those programs and cut them back, the additional costs in human lives will increase as will medical costs and social costs.

We have not done so well with our infant mortality rates that we can afford to start cutting back. We do not as a nation rank among the world's top 10. Whereas only 90 of 10,000 Japanese children die before their first birthdays, 130 American children die.

And the well-being of our minority children is even more scandalous. Twice as many nonwhite American infants die during their first year of life as white infants.

So if anything, it seems to me that we have a long, long way to go in meeting the needs. In the programs, the so-called social safety net programs, there have been the assurances given and assurances taken away.

For the most part, programs which provide assistance, survival resources are for children. Over 70 percent of AFDC clients are children. Only 1 percent of those receiving AFDC benefits are men, fathers who are either temporarily unemployed or disabled.

The move to give back welfare programs to the States is an awful step backward. Even now the great State of Mississippi provides $120 per month in AFDC assistance to a family of four per month. In Oregon, which is the most generous of our States, $569 per month is provided for that same family of four.

I do not see that we have done so well that we can now afford to force the poor to sacrifice even more.

Finally, for an administration that talks about incentives and self-help, the new disincentives to work that have been created where there will be a dollar-for-dollar deduction for working mothers who try to work their way off welfare, is heretical as far as their own programs are concerned. More importantly, consign these policies women, working mothers, to having no hope for the future and to setting the kind of standards for their own kids that we would not want them to adopt.

I think, because of efforts such as the one you are undertaking and because of the general revulsion of the American people as conveyed to Members of this body and in the Senate, that we have seen an end to the cutbacks. I am somewhat optimistic that, in fact, we will have slowed down the momentum. But we must not take it for granted. They will keep coming at us so long as they think they can roll back the next 50 years.

I have a full statement which I would like to ask permission to have included in the record.

Mr. RANGEL. Without objection. Thank you, Congressman Weiss.

[The prepared statement follows:]

STATEMENT OF HON. TED WEISS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. Chairman—I would like to thank the Subcommittee for inviting me to speak about the impact of Administration budget cuts on children.

This nation's single greatest resource, our 64 million children, will suffer the most from the Administration's determined assault on the nation's social welfare programs.

The President has assured us that the "truly needy" will be unaffected by the major cuts in our social programs. But just who comprises this supposedly protected group? The majority of them are children! More children live below the poverty line than any other age group in America. Yet, these victims of Administration penury cannot vote against those who would wrest from them the meager resources with which they have been provided.

President Reagen has suggested that families "vote with their feet" if they are dissatisfied with their states' social programs. Has he stopped to consider the massive disruption such moves would cause in the lives of children, who would be forced to leave behind family, friends, and familiar surroundings?

The President contends that the private sector will take over the support of those social programs that are being abandoned by the federal government. But is he not indulging in wishful thinking? How can the corporate sector, whose charitable donations totaled less than $3 billion in 1980, replace the over $40 billion dollars slashed from social programs last year alone?

Resources have rarely trickled down from the haves to the have-nots. The 9.5 million unemployed cannot depend on the notoriously unreliable drippings from above. Unemployment tears at our nation's social fabric. Not only do the children of the unemployed eat more poorly and dress less well than their more fortunate peers, they are also more often subject to abuse by tension-ridden parents, witness to the beatings of their mothers, and likely to be in ill-health.

Although we pride ourselves on being a child-centered country, sadly, the facts speak otherwise. Our infant mortality rate does not even rank among the world's top 10. Whereas only 90 of 10,000 American children die berfore their first birthdays, 130 of 10,000 American children do. And the well-being of our minority children is even more scandalous. Twice as many non-white American infants die during their first year of life as white infants.

Investing in children requires extraordinary faith and patience. Some harvests may not be reaped for 15 years or more. For example, it was only recently that we learned how preschoolers, who had participated in the early Head Start programs of the sixties, have been more likely to finish school than their non-Head Start peers, and less likely to have needed costly, special educational services.

The Administration has launched a massive assault on this nation's social programs and its clients. Bandied about are accusations of excessive government generosity, and calls are heard for putting welfare clients to work. But who are these recipients of supposedly excessive government largesse?

Over half of food stamp recipients are actually children.

Similarly, over 70 percent of AFDC clients are children. Only 1 percent of those receiving AFDC benefits are men—fathers who are either temporarily unemployed or disabled. The rest are mothers, many of them with preschool-age children. Whom are we putting to work? If the government would require mothers of young children to work, why have we heard no Administration proposals for the expansion of day care services that will be needed to care for the children of these women? Who, you may ask, will care for the children?

One could hardly say that AFDC families are enriching themselves at the government's expense, despite rhetorical insinuations to that effect. A family of four receives a grand total of only $120 per month in Mississippi and $569 per month in Oregon, the most generous state.

Changes in AFDC regulations have eliminated policies that have been successful in helping AFDC mothers work themselves off the AFDC roles. From now on they will be unable to keep 30¢ of each dollar they earn. Now, for every dollar earned, a full AFDC dollar is being eliminated from their grant. Why does President Reagan believe that only the wealthy and powerful can benefit from incentives to productivity? Does he think that low-income Americans comprise a different species?

But it is not only from the children of the poor that support is being withdrawn. Children of middle-class families will also suffer from the budget-cutting orgy. The Administration's budget request of $3.8 billion for elementary and secondary education represents a 33 percent reduction from the 1981 appropriation. Yet, the great majority of American children attend our public schools (89 percent) and benefit from this support.

Middle class youngsters will find it increasingly difficult, and in some cases even impossible, to attend college because of major reductions in the amount of available student aid. Many students whose families' incomes fall between $14,000 and $27,000 will find themselves no longer eligible for college loans.

Although the President contends that increased defense spending is needed to attain military and technological superiority over the Soviets, his diminished support for our children endangers the very security he wants so much to obtain. Last year, the National Science Foundation's budget for science education was all but eliminated. While Soviet children already receive educations in science and mathematics that are far superior to ours, many of our school systems cannot find qualified math and science teachers and have to rely on instructors who are not trained in these fields. How can this Nation expect to cope with, no less excel in, an increasingly technological world if we do not provide our youngest citizens with the tools they must have to face tomorrow?

In his second inaugural address, Franklin D. Roosevelt said, "We have always known that heedless self-interest was bad morals; we know now that it is bad economics." The greed to which FDR alluded 45 years ago is with us still. Some states, such as New York, which I am proud to represent, take seriously their social welfare obligations. Municipalities such as New York City anticipate great difficulty in taking up the slack left by the withdrawal of Federal funds. Mayor Koch's office estimates that proposals to reduce title XX funds by 18 percent will result in a loss to New York City of $26 million. This is in addition to the $18 million loss for 1982. This cut may result in the closing of 60 day care centers. Similarly, reductions in AFDC funds and the elimination of Federal support for Emergency Assistance will shift thousands of recipients on to the Home Relief Program, which is funded entirely by the city and the State of New York. New York City anticipates losing $137 million in Federal aid to education through 1984. Among the devastating consequences will be the loss of 750 teachers.

The short-sighted economic policies of our President, who last year was positively evangelical about the need to balance the budget, and who this year wants as fervently to dismantle Federal programs that have successfully protected the general welfare, are mortgaging the future of all of America's children.

Children cannot afford to gamble on Supply Side Economics or on the New Federalism. The odds are weighted too heavily against them. Our characteristically generous and compassionate nation is today failing what Hubert Humphrey called the moral test of government, ". . . how it treats those who are in the dawn of life, the children; those who are in the twilight of life, the aged; and those who are in the shadows of life, the sick, the needy, and the handicapped."

Mr. **Rangel**. Congresswoman Mikulski from Baltimore, we would be pleased to hear from you at this time.

STATEMENT OF HON. BARBARA A. MIKULSKI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND

Ms. **Mikulski**. Thank you very much, Mr. Chairman. And I thank you and Congressman Waxman for holding these hearings. I think they are of vital national importance, and I am happy to join with my colleagues, Congressmen Miller and Weiss.

The rage that George Miller feels and was so eloquently amplified by Ted Weiss is what is very deep in my own heart this morning. When I came on my way in from Baltimore this morning, I was looking over my notes to come and testify before you. I was also looking at some newspaper clippings about what is happening to children. And yet, somehow or other, we go beyond newspaper clippings and we go beyond statistics. And we have to take a look at what this means in very human terms.

Mr. Chairman, I come before you today as one of the few people in this Congress of the United States who has a graduate degree in social work. These programs are my career. They were my career and my occupation, and they have been my full-time preoccupation ever since I was a child abuse and child neglect worker working through the streets of Baltimore trying to do something about child abuse, child malnutrition, drug abuse—going back to the 1960's.

I know what it is like to make a home visit. I know what it is like to have to go into a housing project on a Friday afternoon when a mother has gone berserk because of poverty and have to look through the closets, the refrigerator, and into an oven to see if that little baby is dead or alive.

And I can tell you it is a gruesome and ghoulish experience. And what I did in the 1960's, social workers are now doing and now doing every day. But it is not only the social workers who are concerned about children because it means more bureaucracy for social programs. It is people like me and you, Congressman Rangel and Congressman Scheuer, the mothers and fathers and the aunts.

I have no children of my own. In some ways, my nieces and nephews are my children, and the children of the world are my children. And my little nieces and nephews are in nice schools in Montgomery County and also at Dundalk and have very nice parents. And here they are, wonderful little children, and my 8-year-old nephew, who so hates pollution, wants to go on to be a scientist and rid the world of hazardous and toxic wastes. I have a little niece who would like to go on to be an Olympic Gold Medal winner and maybe, when Mike Barnes is ready to retire, to be another Congresswoman coming from this State of Maryland.

Those children have the right to an opportunity because we have an income in our family and were able to take care of ourselves. But most children in the United States do not have those opportunities.

And while we talk here about a right to a future, what we really are saying in this country is: death at an early age. While we should have a national policy on behalf of children, a national policy that says every child in the United States is entitled, No. 1, to protection, and, No. 2, to the opportunities for health and safety, to be all that they can be.

Now we have something called the budget cuts and the fiscal cuts that are going on, not only 1983 but in the previous year. What does that mean when we said we should have a national policy on children? We are saying that children should have the right to life, we are saying that children should have the right to a future.

The children should have an opportunity, but what do we in fact face? Let me just talk a little bit about Baltimore because we are always talking about big numbers, big slashes, and big bucks. I would just like to talk about the people who are going to be affected in my own hometown.

Congressman Rangel, you yourself visited when the Ways and Means Committee came to our hometown and came to the Kennedy Institute, a program that provides education and health care for handicapped children. And I thank you for coming to take a look at those children who are the real profiles of courage in this country.

Those little boys and girls who right this minute are learning how to run wheelchairs with their elbows and are trying to look around and wonder if they are going to have hearing aids, or even batteries for their hearing aids. Those are the kids I want to talk about.

Congressman Miller talked about the WIC program. Well, in my community, with the budget cuts that we are talking about, it means that 7,000 mothers and infants are going to lose those national scarce resources in this country, called food, called milk, called orange juice.

You know, they are running very low in our country. You can just go talk to the dairy farmers and to the wheat growers, and you can hear about what a national shortage it is in order to be able to have crackers, milk, and a glass of orange juice.

In addition to that, it is not only the WIC programs that are being eliminated. We are eliminating what is most important, comprehensive prenatal care for women. What does that mean? It means that we will be severely limiting where a mother can come in and get, No. 1, an adequate health examination, No. 2, where that mother can receive an adequate evaluation in terms of a risk assessment.

Now, what is a risk assessment, and what does that really mean? It is a nice medical word. It means that some doctor somewhere should have the chance to say to this woman, hey, diabetes runs in your family or you have a kidney problem, we have to monitor you because you could die having this baby. Or there are other kinds of problems related to a genetic heritage, ones that your children might die because of.

And while we are taking a look at that kind of assessment in order to protect her life and the life of this unborn baby that we cherish so dearly, then what we are saying is that those health care programs will not be available.

We are just not going to pay for somebody to come in and find out if she or her baby will live or die during pregnancy and at the termination of that pregnancy.

That, I think, is why I say we are promoting a policy of "death at an early age." In Baltimore we have a special program for children and teenagers. As we know, that is a very special time in a person's life. And when I came to the Congress, I worked to pass something called CHAP. Even though we would not commit ourselves to a national health insurance program for all Americans, we would at least get around to having a national health insurance program for children. Because, you know, we love to say how much we enjoy our children. We are willing to give them video games in supermarkets, but we are not willing to give them the health care that they need.

Now, what do these budget cuts mean? Again, that these programs will be cut drastically by at least 18,000 kids in Baltimore City. These are the 18,000, that are the absolutely truly needy that we need to assess. There are many, many more than that.

We also had an extensive school health program. And that is about to be reduced. Over 3,000 children in Baltimore alone will not be immunized because of the cutback in immunization. This means that maybe for about $5 a shot we are now going to run the risk in this country of polio, rubella, and other very serious diseases.

Sister Kenny and the March of Dimes and all these other private foundation drives have worked for decades—decades—to try to eliminate polio. Now, we are about to bring it back because instead of eliminating polio we are eliminating the vaccine.

Now there is something wrong with our priorities on that. We could go on about what the cost would mean if one child gets polio in this country in terms of the millions of dollars in institutional care. I could go on with more statistics and more heart-rending stories. But the fact is we are not going to have adequate health care, we are not going to have adequate education, and we are not going to have adequate protection in this country. And because of the lack of adequate prenatal care and followup, we are going to have the terrible problems of birth defects and many of our little children are not going to have the opportunity to overcome those defects.

"I would just like to say a word, Mr. Chairman, before I conclude, about what I consider the basic and intrinsic hypocrisy of many of our colleagues in the Congress of the United States.

Very shortly we will be having people come in to take pictures with poster children, the Easter Seal kids, the cerebral palsy kids, the birth defect kids, all those wonderful little profiles in courage that I talked about a few minutes earlier. And I do not object to that. In fact, I support those foundations raising money for the needed research and development and educational and other benefits that they provide.

I want to talk about our pals in Congress. Oh, they love to pick that little 4-year-old up with her braces and put her on their laps so they can show in their newsletter how much they have compassion for crippled children. But they will not spend the money to make sure that there are no crippled children in the United States to begin with.

And though they will have their picture taken with that 4-year-old, they will not give her the medical care she needs when she is 3, the educational opportunities that she is going to need when she is 9, and they are not going to make sure she has the hearing aid, the braces, the teachers and all those other kinds of things by the time she is 19. We have eliminated all those vocational programs.

And I will be damned if, when she is 29, if any of those guys will give her a job on Capitol Hill when she has to get around with her braces and her wheelchair.

So I am saying let us cut out the cozy little pictures. Let us get down to action and show that if we really do have the compassion for those children, for those poster children and the thousands and thousands like them, then let us put our money where we like to put our newsletters.

Thank you very much. And I look forward to working with this committee to redress these grievances.

[The prepared statement follows:]

STATEMENT OF HON. BARBARA A. MIKULSKI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND

Mr. Chairman, thank you so much for asking me to testify today. It is difficult, and in fact wrenching to look at what the future of our children will be under current Federal budget cuts. Our President tells us that he is leading us on the "road to economic recovery." Yet, this is a road which is being paved with the jagged rocks of reduced health care for children, reduced nutrition programs for pregnant women and infants, and reduced preventive health services for children and adults alike. It may be a cliche, but it is true: Children are the future of our Nation. A road based on reduced care to children and parents can never lead to economic recovery. It can only lead to a weakened and dispirited Nation.

Up here on Capitol Hill, we usually tend to look at the big, national picture. We hear about big numbers—and about big slashes. But sometimes it is difficult to get a good sense of what those reductions and budgets cuts will actually mean for our individual citizens across this country. So, I'd like to take you to the couple of thousand people who live in the city of Baltimore. It's the city I represent, and the city I feel close to. It is a city like hundreds of other American cities in the urban centers of this country. How are the children of these cities going to fare? What will the life cycle of a child who is born to parents on eastern avenue in Baltimore going to look like in the years ahead?

Any good doctor will tell you that to start off in life with even a fighting chance, a child must live its first 9 months in the womb of a properly fed and properly nourished mother. Good nutrition is the absolute cornerstone of an infant's healthy life. Because of the importance of this nutrition, the Federal Government took the initiative in setting up the vital women, infants, and children (WIC) feeding program. This program provides pregnant women and infants with food supplements such as milk and fruit juice, and provides women with needed education for proper eating habits. It is a program that many of us know about because of its successes, and because of its much talked-about "cost effectiveness" in setting off the life cycle of a child in the right direction.

But what is happening to the program now? First, its funding was cut severely from 1981 to 1982. Now, the President would like to fold it into the maternal and child health block grant and cut its funding again. The overall cut would be about 33 percent—slashing the program by ⅓. In Baltimore city, this means that over 7,000 mothers and infants who are eligible for this care, will lose their food, milk, and education services. Over 7,000 mothers and infants in one city alone. What is that going to mean for the fighting chance our Baltimore infants will start out with? It's not going to be a very good one.

In Baltimore, as in other cities, it is not just the WIC programs that have been helping out in "step one" of our children's life cycles. The maternal and infant care program in Baltimore has been serving over thousands of mothers and children—providing comprehensive prenatal care to women most in need. In Baltimore, funding for this program in 1982 was 20 percent less than it was in 1981. Its 1983 funding is slated to be 35 percent less than 1981. What does this mean? It means that 1,200 high risk pregnant women will not receive adequate prenatal care. 600 of these women are 19 years old or younger. It also means that 1,200 high risk infants will not get medical assessments or needed referrals. So, the same infant whose mother may be kicked off the WIC program will also not get a check-up when it finally enters our world. The fighting chance of this child is getting slimmer and slimmer.

For children and adolescents in Baltimore, we have also been running a children and youth program. This program provides preventive health services when children are going through the crucial periods of rapid physical growth. In 1983, the funding for this program is slated to be 35 percent less than what it had been in 1981. Again, a drastic ⅓ slash in a program. And again, it is a drastic slash for children—18,000 infants, children, and adolescents in Baltimore will lose essential preventive health services. All new patients will be turned away because centers simply do not have the staff to handle them.

What happens when the child we have been following finally reaches school? Baltimore city had been running an extensive school health program. That program is now part of the preventive health block grant passed by Congress last year. The block grant suffered a severe reduction in 1982 and in real dollars, will suffer one in 1983. The Baltimore City Health Department estimates that these reductions mean over 8,000 4th grade students will lose their health screening services. And that over 3,000 students will not be immunized. Over 3,000 children in Baltimore alone. Can you imagine if even 10 of those students contracted rubella or measles or polio because they did not receive a $5.00 immunization shot in 1983? The resulting cost would be enormous—the cost in pain and suffering, the cost in wasted dolars and years spent in an institution. And the list goes on. Over 17,000 junior high-school students would not be screened for scoliosis (curvature of the spine), and over 700 of these would be treated for the disease. Scoliosis is a disease which can easily be detected and treated, and a victim can live years of a healthy life—with an upright back. But if the disease is not caught and treated, it can mean twisted backs and legs, years of mental and physical pain, and for many of these children too—years and money wasted in an institution.

President Reagan has said he is afraid he will hear horror stories. Well, he will hear horror stories because his proposed budget will create a horror situation for children across this country—as it will create it in Baltimore. I have only touched on some of the health, programs in Baltimore, and so I have only touched on some of the horror stories we can expect to see. But I will tell you what the real horror story is. It is that all of the funding reductions in children's health programs in Baltimore do not equal even a fraction of what it costs to build one MX missile ($1.5 billion). Do not mistake me. We need a strong defense. But we need a well thought-out, targeted defense. We do not need $1.4 milion to pay for veterinary services for the pets of militarty personnel. We do not need a government subsidy of $12.00 for every meal served in Capser Weinberger's private dining room. We do not need perponsal servants for 300 senior officers at the Pentagon. That spending is the real horror. I sincerely hope that you and I in congress do not become accomplices to that horror story for fiscal year 1983.

Mr. RANGEL. Thank you. We have been joined by Congressman Scheuer of the Health Subcommittee of the Committee on Energy and Commerce. Are there any questions?

Mr. SCHEUER. Yes. Congresswoman Mikulski, is it true not only from the compassionate point of view but from the sheer dollars-and-cents point of view, that it makes little sense to cut out these inoculations? You may save $2 or $3 in not giving a mother an immunization shot against rubella when she is pregnant, but if she gets rubella and her child is born with serious brain injury, the child may cost our Government $30,000, $40,000, or $50,000 a year for his or her health care and upkeeping.

A life-cycle cost of over a million dollars is the cost of saving that $2 or $3 inoculation. I do not mean to put words in your mouth, but is it not true that in addition to all the humanitarian and compassionate reasons that you allege, from a dollars-and-cents point of view, it is sheer madness for our society not to give preventive health treatment of all kinds to its kids?

Ms. MIKULSKI. You are exactly right, Congressman Scheuer. It does cost in institutional care anywhere from $50,000 to $250,000. Very often, an illness that results from lack of immunization results in a whole concomitant of other illnesses, and that is exactly right.

We can talk about the cost savings and adequate health care, and the elimination or the diminishing of birth defects would deal with that. One can look at those people who are still alive before the invention of Salk vaccine and know the way they have lived, in iron lungs and those things are absolutely true.

But, Mr. Scheuer, I do not want to get away from the humanitarianism. I know you do not either.

Mr. SCHEUER. It is an additional argument that should be compelling to people who are exclusively concerned with dollars and cents. People in this Congress who are exclusively concerned with impacts——

Ms. MIKULSKI. Oh, I know. But they are only concerned about the impacts with dollars and cents when they are talking about social programs. They are not concerned about dollars and cents when one talks about what is about to create death and destruction in our country and the world.

Mr. SCHEUER. That is absolutely true. But even from the dollars-and-cents perspective cutting back on these preventive health programs is absolute fiscal and financial madness.

Ms. MIKULSKI. We are on the right wavelength. But all I want to make is the point that when they are ready to send helicopters to El Salvador, they do not talk about that, they talk about how they are fighting communism.

What I want to talk about is how we are fighting birth defects. I have got kids in my community who are more likely to die because of a birth defect than they are because some Communist is going to come up the Chesapeake Bay. [Laughter.]

Mr. RANGEL. I want to thank all of you.

The President has indicated that as a result of these cutbacks, we should expect State governments and the corporations and churches and ministers and rabbis and charitable organizations to come forward and fill up this gap. I assume that some of you have felt this gracious offering in your districts around the country?

Mr. MILLER. No. Ronald Reagan has done more damage to the State of California as President than he did as Governor. And that State is now looking at close to a $5 billion deficit if the new federalism were to take form.

Mr. RANGEL. It would seem to me that our job in Congress would be made much easier if the people that have been designated to fill the vacuum by Ronald Reagan would come forward and petition their Member of Congress. They might indicate that they are unable to fulfill that responsibility. We should hear more from the churches and the synagogues and the charitable organizations. Then perhaps politically it would not be so easy for certain Members of Congress to turn their backs on the needs of the children.

Mr. WEISS. Mr. Chairman.

Mr. RANGEL. Mr. Weiss.

Mr. WEISS. The business section of the New York Times this past Sunday carried an excellent story. The author had interviewed people in the corporate world who have been giving up to the 5-percent limit, in many instances. Their view of the President's projection is that it is just not going to happen.

The fact is that most of those who are inclined to give have been giving. You are not going to entice others when you create a tax structure such as the administration has, which actually provides great incentive to hold onto resources than to give them away.

Mr. RANGEL. It would appear that from all the testimony we have heard on both sides of the issue, not only as it relates to the needs of children but to the elderly and the poor generally, that there is no question that we are not talking about cost effectiveness, we are not talking about balancing the budget, we are not talking about the deficit. Clearly, what rings out is the theme of new federalism, which means that this administration would want us to be without all of the programs that deal with people.

It really does not make any difference to this administration what happens to the beneficiaries of the programs once it is no longer a Federal responsibility.

Is there anything to indicate that these programs are even expected to survive once they are reduced or dismantled by the Federal Govermment?

Mr. MILLER. Let me just say, Mr. Chairman, that you cannot start from the premise that this administration, with respect to these human services programs, is either interested in cost effectiveness or is interested in the programs. That is an assumption that cannot be made. We have seen people placed—the President did this when he was Governor of California—he placed people in positions of responsibility for running and carrying out the law of the land who disagreed with that law, who did not believe in it, who worked out ways to obstruct it bureaucratically.

In fact, the bureaucracy under this administration will prove to be the most cumbersome, the slowest that we have ever seen. Why? Because they do not believe in seeing these services delivered. All efforts at cost effectiveness go out the window with these people, because of the manner in which they design to deliver services. But at some point, the fraudulent assumption that these people care has got to be dispelled.

You know, if we were really honest with the American people—we are sitting here fighting to hold on to a pittance, to a pittance for poor people in this country—what we really ought to do is give them the entire $56 billion. That is all that is left in discretionary funding.

Give it to Ronald Reagan. It does not solve his problems. His problems are incredible, and they are not going to be solved if you take all of the programs away.

But he is nickeling and diming poor people, and he is nickeling and diming the public. He is leading the public to believe that somehow this is waste and fraud and abuse, and we must clean it up.

We ought to call his cards, we ought to raise the ante on him and let us give him back all the $56 billion and then let the public look at the President with no clothes. He still has a $100 billion deficit.

If we cut out all of the discretionary social programs, cut them all out, he will still end up with a $100 billion deficit. What does he do then? What does he do about interest rates then? What does he do about the cost of living then?

Silence is what you would hear from him. And I think in fact that what these hearings are helping to expose is that in fact it is all rhetoric, it is all built on cards and sand There is no basis for this other than an absolute belief that there is no role in this society for the Federal Government other than defense. They also have to take care of the elderly because they are politically powerful. Otherwise they would have some shots at them.

But that is it. There is only one role, the defense of this Nation.

Mr. RANGEL. Have you felt the strong voice of your church in your district defending the poor?

Mr. MILLER. The religious and charitable organizations are trying. Historically, they have tried. But I think as Mr. Weiss pointed out, that when you go over the numbers again, the numbers never add up to take the place of what we are taking away at the Federal level. You will never get that kind of level.

I would like to believe we would. I think we should do everything we can to encourage it. But it is simply not there.

Mr. RANGEL. I did not make my question clear enough. It is not a question of their contribution or commitment to provide the services when they can. It is a question of having their voices heard nationally regarding what their Government is actually doing here.

The poor and the young lack the sophistication to truly understand what these numbers mean. And so it is not unusual to hear the victim of the cuts be willing to give the President a chance.

But what really bothered me last year, and to a lesser extent still bothers me this year, is that the more sophisticated members of our society have not displayed outrage. Those that have taken a spiritual oath, have not displayed the outrage that we hear from the politicians in the House.

Ms. **Mikulski**. Mr. Chairman, I would just like to comment on that, because I think nationally the church is beginning to move. Where I see it in my own community is that there is a religious coalition, if you will, built around human services, working with my State legislature.

As you know, State legislatures right now have more responsibility in terms of what happens with these cuts because of block grants, and also have tended, in some ways, to be more conservative than people in the House traditionally.

And what we see in Maryland is an ecumenical coalition, one beginning to work at that level and also getting press at the local level, to show what these cuts mean in their own communities, exactly for the reason that you said, Mr. Chairman, a lot of people have not caught on. But we are catching on real quick because the people who used to give the most through United Fund, the payroll deduction, your assembly line people, are now being laid off.

Mr. **Rangel**. Let me thank you on behalf of both the Commerce Committee and the Ways and Means Committee, not only for your testimony but certainly for the leadership you provided in the House for the children. I can only hope that through this committee and through your committees we can raise the level of the understanding of the general public. I thank you.

Ms. **Mikulski**. Thank you.

Mr. **Rangel**. The committee will recess for 5 minutes at which time we will hear from the president of the New York City Council, Carol Bellamy, at 12:05.

[Brief recess.]

Mr. **Rangel**. The committee will resume the hearing.

We will hear from the president of the New York City Council, Carol Bellamy, an outstanding national spokesman on health issues. Council President Bellamy, under our charter, will become mayor of the city of New York, depending on other political events.

Madam President.

STATEMENT OF CAROL BELLAMY, PRESIDENT, NEW YORK CITY COUNCIL

Ms. **Bellamy**. Mr. Chairman, I appreciate the opportunity to offer some testimony today. I have submitted copies of my testimony. I am joined here by my counsel, Barry Ensmayer.

I commend you for holding these timely hearings. I have heard the testimony of Congressman Miller and I suppose I join as part of the chorus here and one of the spear carriers in the operatic chorus. I come before you today as president of the New York City Council and on behalf of New York's 1.8 million children. Many out there are being sacrificed as the President blindly slashes away at the budget, cutting both the good and the bad in his broad sweeps.

By cutting preventive health and nutrition services for children now, he will only increase health and welfare costs in the future. These programs save dollars over the long run.

I would like at this point in my testimony to talk about some specifics, but basically the theme will be, as has been articulated today, that these cuts are pennywise and pound-foolish, and they are certainly not, if one would attempt to articulate some economic reason, certainly not cost effective.

From the White House we hear that Federal initiatives in health and nutrition programs for children have failed. But in my town, New York City, we know better, Commissioner Blum from the State has testified, and I suspect she will testify as well that the State of New York knows better.

Let me highlight for you from New York City just four areas: immunization, maternal and child health, WIC, and family planning. I could speak to others, such as foster care and day care, but I know you are considering those this afternoon. These four areas are areas where prevention has helped children and saved taxpayer dollars.

First, immunization. In 1978 Federal officials audited New York City schools and found one in three students unprotected against dangerous childhood diseases. Our school health services had been decimated by the city's financial difficulties and the State immunization law requiring that all youngsters be immunized before they were admitted to school was being ignored by overworked school personnel.

To overcome these problems, New York began a partnership with the Federal Government. We created a task force which I chaired to coordinate immunization policy. The city's Federal immunization grant was increased from $350,000 in 1977 to nearly $2 million by 1979. Those dollars, I report to you, were well spent. Today, 99 percent of our 1.2 million schoolchildren are properly immunized. Last year measles cases declined by 92 percent, rubella, 48 percent, and mumps 20 percent.

Second, maternal and child health. These Federal dollars have also been well used in New York. And I would like to offer you an example, an example of two hospitals, Roosevelt and St. Luke's. They have now merged. But I think the difference in usage illustrates how well these dollars from the Federal Government have been used.

Take the $700,000 MCH grant to Roosevelt Hospital. Roosevelt used its grant to reorganize pediatric services, health teams staffed by physicians, nurse practitioners, and public health nurses are responsible for young patients living in particular neighborhoods, and services are coordinated to provide continuity of care. Prevention is stressed.

St. Luke's on the other hand, lacking such Federal funding, has a conventional pediatrics clinic and an emergency room that treats children after hours. Prevention in the St. Luke's case was secondary.

Both settings have about 28,000 pediatric vists annually, but the pattern of care is quite different. At St. Luke's most visits occur in the emergency room. At Roosevelt the reverse is true; most patients are seen by the health teams.

While both patient populations are roughly comparable, in-patient administrations are much lower at Roosevelt's program. In 1981 Roosevelt's health teams admitted 166 patients, while St. Luke's had over 1,000 admissions.

The pediatricians that administer both sites estimate that $1.5 million was saved because of lower hospital usage at Roosevelt—more than twice the cost of the MCH grant. And again I am talking in terms of dollars.

We are also talking about the impact on lives. Youngsters that did not have to go into the hospital because they were served in this ambulatory way.

New York City has over 1 million medically indigent children, yet we only had enough Federal maternal and child health funds to serve 80,000. After President Reagan's budget cuts last year, one program serving 3,600 children closed.

Genetic disease screening, which medical researchers believe has saved more than 10 times its budget by preventing hospitalization from such things as Tay-Sachs, hemophilia, and sickle-cell anemia, sustained a 40 percent cutback last year, and it is threatened with closing this year.

Further cutbacks in 1983 make no sense at all. These are precisely the kinds of programs that should be preserved, if not expanded.

Let me turn to a third topic, the WIC program. As you have already heard this morning, WIC has been an extraordinary success. But the Reagan administration would cut it by one-third. In my city we have 300,000 children and pregnant and nursing mothers potentially eligible for WIC assistance. Budget restrictions have already limited our ability to provide food supplements for two-thirds of this group. And if the administration prevails, we will lose another $15 million and 33,000 fewer people will be served.

And, of course, these cuts again would not save money. Applying the results of one Harvard study to New York City, we can expect to see upward of $45 million in added medicaid costs from cutbacks in WIC. Here, too, the President makes no sense.

I will conclude my testimony this morning with one other topic, that of family planning, since I also chair the New York City Task Force on Adolescent Pregnancy.

In October we released a report, and I have offered copies of that report to the committee, on the impact of Mr. Reagan's fiscal policy in this area. In New York 150,000 young women between the ages of 10 and 19 are considered to be sexually active and at risk of pregnancy. You notice in Government we do not speak in English anymore, so I will use these terms we are using.

Teenagers now account for 15 percent of all city births. This is not a phenomenon that applies only to New York City. These figures are similar to those across the country. Nationwide, 12 million of the country's 29 million teenagers are sexually active. Four of every ten girls will become pregnant as teenagers. We know there are devastating and well-documented health, social, and economic consequences to these young mothers and their babies.

What will the Reagan administration do? Cut services and lower Federal financial participation for medicaid-funded family planning. In New York, this would mean $7 million fewer medicaid dollars for services to teenagers. More young women and their children across the country will become dependent upon public assistance, food stamps, and medicaid, at a cost three times greater than family planning.

I believe the lessons from New York are obvious. Shortsighted cuts in prevention will inevitably result in higher curative costs and higher costs to the taxpayer and higher costs in human terms.

The administration's blind faith in proposed funding cuts for WIC maternal and child health and family planning is entirely misplaced. All too predictably, children will be hurt and public money will be needlessly expended trying to repair the damage. These cuts will not save money, they will cost money.

I fear for our children. We have had Presidents who lacked compassion before, and we have certainly had Presidents who lacked imagination and ability before. But in this century, we have never before had a President so locked into a political ideology that he simply ignores the facts.

Beginning with William Taft, there has been an unbroken succession of White House Conferences on Children to advise the President. That is, until Mr. Reagan canceled his. Apparently, he does not even want to listen to knowledgeable Americans on the subject of children.

In such times, Congress must assert its prerogatives. Last summer the administration prevailed and many children in my city and across this country are suffering as a result. This year I urge Congress to be strong. Congress must prevail. I urge you in the most emphatic terms to overrule the President and fully fund these cost-effective programs. I thank you very much.

Mr. RANGEL. Thank you, Madam President.

Have you felt that the city council or the State legislature would be prepared to fill the financial gap caused by the Federal Government's retrenchment of social programs.

Ms. BELLAMY. Mr. Rangel, I think that probably would be impossible. I can speak to some areas in some specifics in which both the State and the city have attempted to make up some of the reductions this year. For example, in the area of child care, the city of New York—I will speak to the city, and the Commissioner can speak to the State—the city made a commitment to fund for this fiscal year those programs that otherwise would have been cut in the area of title XX funds for child care.

Also, in the area of immunization, the area I just mentioned in my testimony, the city has agreed in its budget to fill the gap left by the reduction of Federal dollars. But I do not believe we can look at these programs individually. I believe we have to look at them in terms of their cumulative impact.

For each cut, the city might be able to absorb that cut. But when you add up all the cuts, we are talking about multihundreds of millions of dollars. I can provide specifics in many of these areas, whether it is title X, whether it is family planning. And the document I submitted to you was in fact on last year's cuts and the impact of last year's cuts in the area of family planning.

I remind you that last year aid to State and local government, which makes up only 14 percent of the Federal budget at that point, took 30 percent of the cuts. That is before this year's cuts. This year's series of cuts, cuts that Merrill Lynch has reported will threaten the credit standing and the financial liability of local governments as nothing has since this year's cuts have been implemented.

So my answer is the city will attempt to fill in the gap where it can. It has a history in the last couple of years of doing that in some cases. But it cannot in all cases, because the gap is just too large.

Mr. **Rangel**. Madam President, most people believe that these cuts are not cost effective. But you chair a council that presides over a city that is speedily becoming a city of minorities. Is that not so?

Ms. **Bellamy**. In the sense that it certainly indicates that there is a higher number of minority in the city in 1980 than there were in 1970, that is correct.

Mr. **Rangel**. When you look at unemployment figures, do you find minorities represented at more than double the rate of other citizens in the city of New York?

Ms. **Bellamy**. The unemployment rate of minority teenagers is about twice that of nonminority teenagers.

Mr. **Rangel**. When you look at the salaries of those minorities who are working, are they not substantially lower than salaries of nonminorities?

Ms. **Bellamy**. Actually, it goes white male, black male, white female, black female, in that order. On the basis of the minority salaries, if you look at it as a whole, it is slightly lower. I do not have those specifics.

Mr. **Rangel**. In the area of infant mortality do you find a dramatic increase among poor minorities as well?

Ms. **Bellamy**. We have been quite successful in recent years in dealing with infant mortality. But I think that that is quite a result of some of the programs that we are talking about today and testifying on today. So that the statistics do not reflect a major change in that, although, for example, the statistics in the city of New York in the area of child abuse in the last year would indicate a rather dramatic increase in the area of child abuse. Almost 25 percent in the incidence of child abuse and neglect between our fiscal year 1980 and 1981.

Child mortality figures have actually been going down, although I point out again, and I speak to family planning, the mortality rate of youngsters born to teenagers is about twice that of youngsters born to mothers over the age of 20. And in fact, the rate of death of mothers under the age of 20 is about twice that of the rate of death of mothers over the age of 20 in birth.

So we are talking about having a particularly devastating impact in the areas that we are discussing today.

Mr. **Rangel**. But do you find the minorities in the city of New York are more dependent on public health care services than the other citizens in the city of New York?

Ms. **Bellamy**. Yes. The elderly population is very dependent on public health services as well.

Mr. **Rangel**. When you find a city caught with increases in crime, increases in drug abuse, increases in unemployment, and then couple that with decreases in services, do you not believe that you have a potential problem in the ability of the city administration to govern?

Ms. **Bellamy**. Governing in the city of New York is always a potential problem, I suppose. I do not mean to be facetious, Mr. Rangel. My response again is that the city may or may not have made the right choices, but has attempted to pick up and fulfill and continue some programs which it considers to be best public policies, such as the immunization program and other programs. But it does not have the financial capacity to assume all of the programs here.

What is happening, as you well know, in whatever one wants to call what is happening in Washington, is that the responsibility is being returned to the State and local level, but the resources basically are not finding their way behind the responsibilities.

Mr. **Rangel**. I am not getting into whether or not local and State governments have the financial base to actually raise the taxes to fill the gap. But our committee experience, as we went around the country, indicated that those who have incomes have not been denied health care and the poor have been denied adequate care. When we went to the public hospitals and to the community centers, it seems as though no matter what city we went to, it was the blacks, Chicanos, or Puerto Ricans that were so dependent on public hospitals and community clinics. A foreigner coming and visiting these cities might suspect that the whites were entitled to privileged health care and that blacks were not.

The same way a foreigner might suspect that only blacks and Puerto Ricans go to jail in New York City, which you and I know is not the case. But just taking a look at some of our populations in the jails and taking a look at some of our clients in our public hospitals, I am saying that it appears as though a lot of tension is building up, not only in my city, your city, our city, but around the country, where the President says we must sacrifice.

But I only see the poor actually making the sacrifice or being forced to make it. Unfortunately, it has been my understanding that in your city and other cities minorities are a disproportionate percentage of the poor.

Ms. **Bellamy**. There is no question but that cuts that you are talking about will affect your basic health programs, programs that have traditionally been cost effective and very positive programs for purposes of avoiding or having to deal with illness and be able to assure that people have public health programs available to them. A higher percentage of the poor use the public health system, if you will.

And again I basically agree with what you are saying. And if one looks at it from a cost perspective, one does not see a cost improvement in economic conditions such as to warrant the action that is being taken. To the contrary, one sees a failure of continuing programs that have proved their effectiveness, quite effective from a health perspective.

Mr. **Rangel**. I did not say it to the other witnesses, but I do feel that there is danger building up in the city of New York. We cannot afford too much further strain, especially in the area of providing needed services.

Mr. Miller.

Mr. MILLER. Thank you.

Madam President, you mentioned that you have roughly 1 million medically indigent children in the city.

Ms. BELLAMY. Yes.

Mr. MILLER. You said that you are seeing or servicing about 80,000?

Ms. BELLAMY. No. I was talking about different things. I was then talking about how many—I talked about three different programs. I talked about 1 million kids in our immunization program, our school program. Because what we are talking about in that regard is not just the new enters but particularly with the change in law, assuring that all the youngsters were served.

The numbers differ in terms of some of the other types of programs. How many we were able to serve, for example, in the WIC program, I said we had about 300,000 eligible, but we were not even able to serve all of those. But we would have to serve even fewer with the cuts.

Mr. MILLER. Also, you mentioned that extrapolating out—I assume there is a Yale or Harvard study—you would anticipate that that kind of cut under this year's proposal would cost about $45 million.

Ms. BELLAMY. That is correct, in terms of medicaid dollars. Those cuts, as you are aware, would cause a situation where the individual previously eligible for one of these programs would then go on to some other dependency program, which is usually less effective but certainly costly.

Mr. MILLER. In any of these programs, is there any eligible population that is being totally served in your city?

Ms. BELLAMY. No, not at the present time. I am somewhat of a realist. I would like to think that one can sit here and say we are not even serving those, and as I suggest in my testimony, these are programs that not only should not be cut but probably ought to be expanded. But I am trying to give you at least the experience of the individuals being served now.

Mr. MILLER. I guess what troubles me, and it is the same, I am sure, in the State of California and everywhere else in the country, I do not know of any of these programs that provide the critical services, whether it is immunization, health care, emergency care, the nutrition programs in which the eligibile population is being totally served.

Ms. BELLAMY. Maybe that is so, but I think in immunization we are doing better than any of the others. But that is partly because of the legislative mandate.

Mr. MILLER. I guess I find it hard to suggest to the general population that somehow these programs are going to be better if, as you say, we transfer the responsibility back to you and there is no indication that the funding is going to follow. There is no way that equation can be better.

Ms. BELLAMY. To the contrary, I suppose we will be increasing the population in other programs in some cases. In 1981 the Guttmacher study, entitled "Teenage Pregnancy"—the problem has not gone away—talks about the number of adolescent patients who were in the program that as a result of the program did not at least bring a child to term during their adolescent period, who were able to do that when they were more able to be a parent.

Now, this is not going to occur in this case. So we are told that youngsters should say no. Again, a 1982 study, Guttmacher's study pointed out that one in four teenagers now in family planning programs just stopped coming to prevent notification of parents, but that only about 2 percent, based on the study, would refrain from being sexually active.

So, if anything, we will probably be expanding the need while we are decreasing the available resources.

Mr. **Miller**. Thank you.

Mr. **Rangel**. Thank you so much.

Congressman Scheuer had a list of questions which will be entered into our record. And, of course, you have already received a copy.

Ms. **Bellamy**. I indicated to Congressman Scheuer I would respond to his novel of questions. Thank you very much.

[The questions and answers follow:]

Council of the City of New York,
New York, N.Y., March 29, 1982.

Hon. James H. Scheuer,
U.S. House of Representatives,
Washington, D.C.

Dear Representative Scheuer: I appreciated the opportunity to testify before your Subcommittee on Health and the Environment and Mr. Rangel's Oversight Subcommittee. I certainly hope you will be able to convince your colleagues in Congress that funding preventive services to children must remain a federal priority.

At the hearing, you asked that I submit answers to several questions for the record.

1. (a) What will happen to family planning services in New York City if Title X is put in a block grant? How will the teenage pregnancy problem be impacted?

The Task Force on Teenage Pregnancy, which I chair strongly opposes President Reagan's proposal to put Title X in a block grant with other primary care programs, and then to further reduce total federal funding. In New York City, the Adminstration's 1983 budget submission would inevitably lead to further service cutbacks and even higher rates of teenage pregnancy.

As a result of the 1982 federal funding reductions, we believe that more than 19,000 people statewide including 5,700 teenagers, will be denied family planning services before the fiscal year is over. We know from health care providers that service cutbacks have already led to more unwanted pregnancies, births and abortions in New York City. Moreover, if controversial family planning services are consolidated with politically popular primary care programs, family planning will almost certainly suffer disproportionately from funding losses in 1983. This is likely to be true even in New York City where we have a longstanding commitment to personal choice in decisions concerning sexuality and reproduction.

(b) What is the likely response of teenagers should the proposed parental notification regulations become final? How will they impact on the teenage pregnancy problem?

The best evidence we have of the effect of parental notification is in the Alan Guttmacher Institute's comprehensive survey of teenagers who use family planning clinics. Nationally, about 25 percent of all adolescents surveyed in 1980 said they would stop coming to the clinic if their parents were notified. Yet, only two percent reported they would forego sexual activity thereafter. The members of my Task Force are clear that New York City teenagers will react no differently to parental notification requirements than their contemporaries elsewhere in the country.

Sexually active adolescents without effective contraception can only produce more unwanted children. How many more we cannot say at this time. I sincerely hope the Task Force on Teenage Pregnancy will never have to document the adverse impact of parental notification. Government should not intervene in this manner between teenagers and their parents.

2. (a) Can you give us an estimate of the number of children in New York City who will not be immunized because of the cutbacks?

(b) What is the likelihood that any of these children will contact measles, rubella, tetanus, polio, diptheria, or whooping cough?

(c) What are the estimated costs to the City should these children contact any one of these diseases?

(d) How many children are being kept out of school because they have not been properly immunized?

(e) Is the City prepared to pick up the federal portion of the costs of this program? Is there any evidence to suggest that this program will not receive adequate funding at the state and local levels should the federal government withdraw support for it? If the City is capable and willing to make up the funds lost through federal cutbacks, what other health services will be forced to suffer as a result?

Over the past four years, New York City has renewed its commitment to protect all children against vaccine preventable diseases. Today, 99 percent of our school children are fully immunized, in contrast to 1978 when approximately one-third of all students were not properly protected. As I mentioned in my testimony, the City's immunization effort has already had a dramatic effect upon students' health.

Consistent with the experience in other cities, this year's strict enforcement of the State immunization law did require school exclusions, but most students quickly returned to school after being properly vaccinated. Exclusion began on September 24, 1981, when 67,400 students were barred from classes. By December 7, 1981, 12,329 students were still officially listed as "excluded", although about half were in fact "no shows" (pupils who had registered and not yet appeared at school), and most of the remainder were presumed by the Board of Education to be chronic truants or incorrectly counted in the first place. Home contacts of 1,050 long term "excluded" students in 41 high schools, for example, uncovered only two instances where immunization was cited as the reason for continued non-attendance.

Childhood immunization is a priority for the City of New York. Despite severe fiscal constraints, we will maintain immunication services by replacing lost federal dollars with local tax levy support. Thus, I anticipate that there will be no reduction in the number of children immunized, nor will there be any increased health risks to our children from federal budget reductions. This commitment will mean that fewer City tax dollars are available for municipal services generally but, unfortunately, it is not possible to identify a direct trade-off with other health services.

3. What is the future of maternal and infant care projects and the children and youth projects that had been supported through Title V of the Social Security Act?

As my testimony indicates, existing Title V projects in New York City served about 80,000 of our over one million Medicaid and medically indigent children in 1981. As a result of the 1982 federal budget, New York State will receive approximately 18 percent fewer federal dollars for these programs. With this cutback, a decision was made to preserve the prenatal and family planning programs at the same level as 1981, because of the lack of any alternate publicly supported prenatal care programs in the City. This decision forced deep cuts in the children and youth (C and Y) projects. The program at Beth Israel Hospital serving 3,600 children was closed and eight other C and Y projects suffered 15 percent cutbacks. Over 10,000 children will lose nutrition and preventive health services as a result of these funding reductions.

In addition, two maternal and infant care (MIC) sites were consolidated into one, and the remaining eight sites have been forced to operate at fiscal year 1981 funding levels. Several services—particularly dental, counselling and nutrition—have already been eliminated, and all programs have suffered work force reductions.

If the Reagan Administration succeeds in limiting funding again this fiscal year, further service reductions will have to be made to offset the effects of inflation. It is estimated that maternity services will be lost to an additional 1,500 women and the closing of at least one additional C and Y program is considered probable.

I hope these answers will be helpful to Congressional deliberations of the future of these worthwhile programs. If I can be of any further assistance, please feel free to contact my office. Again, thank you very much for the opportunity to testify on behalf of New York City's children.

Sincerely,

CAROL BELLAMY, *President.*

Mr. RANGEL. Thank you.

Our next witness will be Commissioner Barbara Blum of New York State Department of Social Services. She also serves as the chair of the National Council of State Public Welfare Administrators of the American Public Welfare Association. The committee welcomes Ms. Blum.

Thank you for taking time to share your thoughts with this committee. Your concern is nationally known.

STATEMENT OF BARBARA BLUM, COMMISSIONER, NEW YORK STATE DEPARTMENT OF SOCIAL SERVICES, AND CHAIR, NATIONAL COUNCIL OF STATE PUBLIC WELFARE ADMINISTRATORS OF THE AMERICAN PUBLIC WELFARE ASSOCIATION

Ms. **Blum**. It is nice to be here. I have to my left Alice Kelly, who is the staff director at APWA for matters relating to services.

Mr. Chairman, members of the subcommittee, my name is Barbara Blum, and I am commissioner of the New York State Department of Social Services. I am also chair of the National Council of State Public Welfare Administrators of the American Public Welfare Association.

I very much welcome the opportunity to appear before you today to discuss the effect of President Reagan's budget cuts on a segment of our population that without doubt can be called the truly needy, dependent, neglected, and abused children.

The National Council of State Public Welfare Administrators is composed of public officials charged with the responsibility for administering publicly funded human services programs, including services to children and youth. Since its beginning 43 years ago, the council has been an active force in promoting the development of sound and progressive national social policies and has worked with Congress and the executive branch to assure that these policies are responsibly and effectively administered.

Social services are among the most difficult and challenging of the human service programs because they deal with complex human problems and often require intervention at critical points in the lives of children and their families.

Social services provide protection and care for vulnerable persons and can prevent the need for expensive interventions in the future. Social services programs provide the type of support and assistance that the Reagan administration says it favors, support to our most troubled citizens and assistance in becoming self-supporting and independent.

Today we would like to focus our testimony on the impact of the social services budget cuts, both those enacted in fiscal year 1982 and those proposed for fiscal year 1983 on State administration of children's services programs.

Because of the nature of the problems that social services programs address, the impact of the recent budget cuts on children and their families has only begun to be felt. The incidence of child abuse and neglect has been found to be related to factors such as inadequate income and increased stress.

In New York and elsewhere across the country we are seeing an increase in the number of teenage mothers, a group that is more likely to suffer from economic and psychological pressures. At a time when many families require more services, such as counseling, homemakers services, and protective and preventive services of all types, children's services budgets are being cut.

While the effects of these reductions might not be fully felt today, they will be most certainly hinder the State's ability to meet the ever-growing needs of children in this country.

I would like to direct our comments specifically to the impact of the title XX social services block grant and to the child welfare block grant proposed by the administration.

The Omnibus Budget Reconciliation Act of 1981 amended title XX of the Social Security Act of 1981 and established a social services block grant. This action consolidated the existing title XX programs and reduced funding for fiscal year 1982 to $2.4 billion. Nationally, this represented a 20-percent reduction from the previous fiscal year.

However, since title XX funds are allocated according to State population, shifts in population resulted in reductions from as high as 30 percent in Connecticut to as low as 6 percent in Nevada. The State of New York suffered a reduction of 24 percent.

The President's budget for fiscal year 1983 proposes to reduce title XX social services block grant funding by an additional 18 percent to $1.974 billion. The budget also proposes to provide no funds for the work incentive program and to reduce by 71 percent the community services block grant. The administration assumes the funding losses for both of these programs can be offset by using title XX funds.

Secretary Schweiker testified before the Ways and Means Committee last Wednesday that it is imperative that we utilize discipline in Federal spending, stemming the rate of growth in HHS programs and thus helping reduce inflation. He also said in defense of the additional social services budget reductions that:

> In fiscal year 1983, as in fiscal year 1982, the states will be in a position to use the greater latitude in use of these funds to develop more cost-efficient and effective social services delivery systems.

These statements ignore two fundamental realities. First, while other important Federal assistance programs have experienced substantial funding increases in recent years, title XX social services programs have experienced no real growth since their inception. In fact, title XX has declined in constant-dollar terms.

Second, States have maintained their commitment to critical children's services programs, despite Federal budget cuts, and have taken advantage of the flexibility provided in the social services block grant to improve the efficiency and effectiveness of the programs. There are few, if any, additional savings to be made through the use of this flexibility.

The council believes that further budget cuts in the title XX social services block grant would result in tragic reduction of States' ability to meet the needs of children and their families. To understand the impact of the flexibility granted to States under the new social services block grant, it might be useful to review briefly the original title XX program.

Title XX of the Social Security Act was enacted in 1975 to "establish a consolidated program of Federal financial assistance to encourage provision of services by States." This legislation formalized the separation of cash assistance and social services programs. Title XX services were, by statute, goal-directed, with States determining the proper mix of services needed to meet the needs of their citizens.

The goals of title XX which focus on maintaining self-sufficiency, helping families to function effectively, and preventing abuse and neglect were retained in the recently enacted social services block grant. States can provide services to persons of all income levels. But in fiscal year 1980, by far the largest number of service recipients, 85 percent, were those who qualified as income-eligible; that is, persons whose income did not exceed 115 percent of the State median-income level or those who were receiving some type of categorical assistance such as AFDC and SSI.

Title XX services are provided to all age groups, and in fiscal year 1980 services provided solely to children and youth accounted for 30 percent of total expenditures, with services provided to families increasing this amount to 50 percent.

Title XX is the largest source of Federal funds for services to youth and children, and we should not forget that fact.

While the Council supports the concept of block grants, we did not support the notion that increased administrative flexibility in title XX could produce sufficient savings to justify the size of the reduction that was approved by Congress. This reduction has greatly overshadowed the relaxation of Federal requirements that accompanied the block grant.

In September 1981 the APWA conducted a survey of States concerning the implementation of the social services block grant. A copy of that survey has been made available to committee staff.

Because implementation had just begun, many of the responses indicated preliminary directions rather than specific implementation decisions. However, the survey results, combined with information about State implementation efforts, shared at the most recent meeting of the Council, provide important early indicators of State impact of the social service block grant.

First, it is clear that States are attempting to absorb as much of the budget reductions as possible in administrative functions to protect service programs. For the most part, States moved immediately to implement those changes that would appear to save money in the short run; for example, switching from display advertisements to legal notices in order to inform the general public of social services plans, or to save time, for example, reducing the number or content of forms to be completed by field staff.

States have established priorities among service needs and have continued to fund protective services. As a result, daycare and preventive services appear to have taken the largest cut. States have sought to improve the efficiency and effectiveness of limited service dollars through such steps as changing eligibility to target services to the most needy, expanding the use of fees for services, increasing the use of volunteers where possible, and using integrated rather than generic caseworkers.

States have also sought to protect needed services through the use of alternative funding mechanisms. And while there is no longer a State match requirement, most States have not yet drastically reduced State social services dollars. Some States have passed on the reductions in Federal funds by increasing the amount of match required of local units of government or by reducing the amount of pay for contracted services.

States are responding to their specific needs and circumstances in an variety of ways, and our full testimony describes fully steps taken in New York, Illinois, Tennessee, Michigan, New Jersey, and Texas to reduce or reshape services programs.

In the interest of saving time this morning, I will not read through those examples, but I hope that you will have time to review the kinds of changes that have been required in our States.

Mr. **Rangel**. At this point, Commissioner, without objection, your full statement will appear in the record.

[The prepared statement follows:]

STATEMENT OF BARBARA B. BLUM, CHAIRPERSON, NATIONAL COUNCIL OF STATE PUBLIC WELFARE ADMINISTRATORS OF THE AMERICAN PUBLIC WELFARE ASSOCIATION, AND COMMISSIONER, NEW YORK STATE DEPARTMENT OF SOCIAL SERVICES

Mr. Chairman, members of the subcommittee, I welcome the opportunity to appear before you today to discuss the effect of President Reagan's budget cuts on a segment of our population that without doubt can be called the truly needy—dependent, neglected and abused children. My name is Barbara Blum and I am Commissioner of the New York State Department of Social Services. I am also chair of the National Council of State Public Welfare Administrators of the American Public Welfare Association. I am appearing today to testify on behalf of both the State of New York and the Council.

The National Council of State Public Welfare Administrators is composed of those public officials in each State, the District of Columbia, and the territories charged with the responsibility for administering publicly funded human services programs, including services to children and youth. Since its beginnings 43 years ago, the Council has been an active force in promoting the development of sound and progressive national social policies and working with the Congress and the Executive branch in assuring that these policies are responsibly and effectively administered.

Publicly funded social services are among perhaps the most difficult and challenging of the human services, because they deal with the most complex of human problems and often require intervention at critical points of crisis in the life of children and their families. The provision of social services entails protecting and caring for those who are helpless or vulnerable, and if provided at times of crisis can prevent the need for expensive intervention in the future. Social services programs provide much of the type of support and assistance that the Reagan administration favors: support to the truly needy and assistance to become self-supporting and independent.

Today, we would like to focus our testimony on the impact of the social services budget cuts—both those enacted in fiscal year 1982, and those proposed for fiscal year 1983—on state administration of children's services programs. Because of the nature of the problems that social services programs address, it is very difficult to get a firm handle on the impact of the recent budget cuts on children and their families. The incidence of child abuse and neglect has been found often to be directly related to factors such as inadequate income, inability to cope, and increased stress. In New York and elsewhere across the country, we are seeing an increase in the number of teenage mothers, a segment of the population that is more likely to suffer from the type of economic, and psychological stress that often produces abusive, neglectful families. As the economy worsens and unemployment increases, the factors that can lead to child abuse and neglect increase as well. At a time when many families are experiencing economic pressures and personal problems and require more services such as day care, counseling, homemaker services, and protective and preventive services of all types, children's services budgets are being cut. While the effects of these reductions might not be fully felt today, they cannot but hinder states' ability to meet the ever growing needs of the children in this country. I would like to direct our comments specifically to the impact of the Title XX social services block grant, and to the proposed child welfare block grant.

TITLE XX—SOCIAL SERVICES BLOCK GRANT

The Omnibus Budget Reconciliation Act of 1981 amended Title XX of the Social Security Act and established a social services block grant. This action consolidated the existing Title XX programs (day care, social services and training) and reduced funding for fiscal year 1982 to $2.4 billion.

Nationally this represented a 20 percent reduction from the previous fiscal year. However, since Title XX funds are allocated according to state population shifts in population which were recorded in the 1980 decennial census resulted in reductions from as high as 30 percent (Connecticut) to as low as 6 percent (Nevada). The State of New York suffered a reduction of 24 percent. Attached to this statement is a chart prepared by APWA staff which shows on a state by state basis the impact of the Title XX funding reduction and the percentage reduction each state received.

The President's budget for fiscal year 1983 proposes to reduce Title XX social services block grant funding by an additional 18 percent, to $1.974 billion. The budget also proposes to provide no funds for the Work Incentive program (through which day care is provided to AFDC recipients while they are in training or seeking employment) and to reduce by 71 percent the Community Services block grant (through which community based anti-poverty programs provide a variety of services). For both of these programs, the administration assumes the funding losses can be offset by using Title XX funds.

Secretary Schweicker testified before the Ways and Means Committee last Wednesday (February 24, 1982) that it is imperative we "utilize discipline in federal spending, stemming the rate of growth in HHS programs, thus helping reduce inflation." He also said in defense of the additional social services budget reductions that, "In fiscal year 1983, as in fiscal year 1982, the states will be in a position to use the greater latitude in use of these funds to develop more cost efficient and effective social services delivery systems."

These statements ignore two fundamental realities.

First, while other important Federal assistance programs have experienced substantial funding increases in recent years, title XX social services programs have not experienced any real growth since their inception. In fact, title XX has declined in constant dollar terms.

Second, States have maintained their commitment to critical children's services programs, despite Federal budget cuts, and have taken advantage of the flexibility provided in the social services block grant to improve the efficiency and effectiveness of their programs. However, there are few, if any, additional savings to be had through use of greater administrative latitude.

The council believes that further budget cuts in the title XX social services block grant would result in a drastic reduction of States' ability to meet the needs of children and their families.

TITLE XX FUNDING

Federal support for social services programs funded under title XX has decreased in terms of constant dollars every year except one since the funding ceiling was first put into place in 1972. The following table illustrates this reduction by comparing actual funding levels with constant dollars as adjusted for inflation.

Federal fiscal year	July CPI all city [1]	Federal social service ceiling	
		Actual	Constant dollars
1972	125.5	$2.5B	2.5B
1973	132.7	2.5B	2.4B
1974	148.3	2.5B	2.1B
1975	162.3	2.5B	1.9B
1976	171.1	2.5B	1.8B
1977	182.6	2.7B	1.9B
1978	196.7	2.7B	1.7B
1979	219.4	2.9B	1.7B
1980	248.0	2.7B	1.4B
1981	274.6	2.9B	1.3B
1982	[2] 302.1	2.4B	1.0B
1983 (current law)	[2] 332.2	2.45B	.93B
1983 (proposed)	[2] 332.3	1.974B	.75B

[1] 1967 = (Index for urban wage earners and clerical workers used for comparability with earlier years.)

[2] Estimated on basis of increase of 10 percent a year. Actual increase from July of 1980 to July of 1981 was 10.7 percent.

Chart prepared by Eugene Johnson, Hennepin County, Minn., and chairman of the National Council of Local Public Welfare Administrators.

It is in large part, because the program has not kept pace with inflation, that it is so difficult to continue to absorb funding reductions and still retain essential services. The actual dollar loss to states in federal social services funds would be over $1 billion in a two year period, if the President's fiscal year 1983 reduction were approved by Congress.

TITLE XX BACKGROUND

To understand the impact of the flexibility granted to states under the new social services block grant, it might be useful to briefly review the original Title XX program. Title XX of the Social Security Act was enacted on January 4, 1975 to "establish a consolidated program of federal financial assistance to encourage provision of services by states". This legislation, P.L. 93-647, formalized the separation of cash assistance and social services programs. Title XX services were, by statute, goal directed, with states determining the proper mix of services needed to meet the needs of their citizens. The goals of Title XX, which were retained in the recently enacted social services block grant are:

"(1) achieving or maintaining economic self-support to prevent, reduce or eliminate dependency;

(2) achieving or maintaining self-sufficiency, including reduction or prevention of dependency;

(3) preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating or reuniting families;

(4) preventing or reducing inappropriate institutional care, or other forms of less intensive care; and

(5) securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions."

States can provide services to persons of all income levels, but in fiscal year 1980 by far the largest number of services recipients (85 percent) were those who qualified as income eligible, that is, persons whose income did not exceed 115 percent of the state median income or those who were receiving some type of categorical assistance such as AFDC and SSI. States under Title XX are allowed to provide services directly or to purchase services from other public or private non-profit organizations, in fiscal year 1980 over 50 percent of all services were purchased rather than provide directly by the state agency. Title XX services are provided to all age groups, but in fiscal year 1980 services provided solely to children and youth accounted for around 30 percent of the total Title XX expenditures, with services provided to families increasing the total for this group to over 50 percent of expenditures. Title XX is the largest source of federal funds for services to children and youth. Among the services most commonly provided to this population are day care, protective services, preventive services, foster care, adoption and counseling services.

Title XX, as originally enacted, contained a training component that was separately funded, and that provided for the training and retraining of state social services personnel. This funding was available on an open-ended entitlement basis until 1979 when Congress, in a move to curtail growing training expenditures, imposed a ceiling on funds at $75 million. This training program was an acknowledgement that social services professionals, because of the critical nature of these services, have a need for specialized education.

In fiscal year 1977, Congress increased the Title XX ceiling temporarily and earmarked $200 million in additional funds for child day care. This temporary earmark was continued and in 1980 was made a permanent part of the law with the passage of P.L. 96-272.

STATE IMPLEMENTATION OF THE SOCIAL SERVICES BLOCK GRANT

While the Council supports the concept of block grants, with their decreased federal administrative requirements, we did not support the notion that increased administrative flexibility in Title XX could produce sufficient savings to justify the size of the reduction that was approved. In fact, the major impact of the block grant was as a result of the 20 percent reduction in funds, rather than the increased flexibility. As mentioned earlier, Title XX has always had some features of a block grant. Since its inception, states have had flexibility to develop a system of social services responsive to their needs, as long as the five broad national goals were met. However, as noted above, federal statute and regulation in the past controlled many aspects of the administration of the program. Under the new block grant, states are able to exercise considerable latitude in program administration and development, and resource allocation.

In September 1981, the APWA conducted a survey of states to determine how states were dealing with a variety of issues related to the implementation of the social services block grant. (A copy of the survey has been made available to committee staff). Because of the timing of the survey, many of the responses indicated preliminary directions rather than specific implemention decisions. However, these survey results, coupled with information about state implementation efforts shared at the most recent meeting of the Social Services Committee of the Council, provide some examples of what is happening at the state level as a result of the enactment of the social services block grant. (The APWA is also in the process of surveying states to ascertain the impact of the fiscal year 1983 budget proposals on human services programs and is expecting to have the results available from this survey by the end of March. We will be glad to make this information available to the subcommittee as soon as it is prepared.)

WHAT ARE STATES DOING

States are attempting to absorb as much as possible of the budget reductions in administrative functions, so as to protect services programs. For the most part, states moved immediately to implement those changes that would appear to save money in the short run (for example, switching from display advertisements to legal notices as a means of informing the general public of social services plans), or save time (for example reducing the number or content of forms which need to be completed by field staff). States have been forced to prioritize services needs to continue to fund protective services, and as a result day care and preventive services often appear to have taken the largest cuts. States have tried to improve the efficiency and effectiveness of limited service dollars through such steps as: changing eligibility to target services to the most needy; expanding the use of fees for services; increasing the use of volunteers where possible in services programs; and using integrated, rather than generic case workers. States have tried to "protect" needed services through use of alternative funding mechanisms, as well as alternative sources of funding. Although there is no longer a state match requirement, most states have, at least in fiscal year 1982, not drastically reduced state social services dollars. Some states have passed along the reductions in federal funds by increasing the amount of match required of local units of government or by reducing the amount paid for contracted services.

Because the block grant allows states maximum flexibility, they are responding according to state specific needs and circumstances, thus making it difficult to generalize about how children as a whole are affected by the recent changes. Following are some specific examples of ways states are adapting to the social services block grant changes and budget reductions. These examples are for illustrative purposes only and are not intended to be all inclusive or representative of the nationwide impacts.

NEW YORK

Shifted approximately $10 million in low income energy assistance funds to the social services block grant to make up in part for the 25 percent reduction in federal Title XX funds in fiscal year 1982. This money was distributed to the counties to create a services floor, to insure that no county received less federal funds for mandated services than it had expended in the previous year. (Examples of mandated services are foster care, child protective services, and adoption services). Despite this shift, 51 out of 58 counties suffered a reduction in funds. While not all of the information is in at this time, it appears that approximately 15 counties have had to make actual reductions in non-mandated children's services (such as day care and some preventive services). One county (Monroe County) knew the budget cuts were coming and began making changes last summer. According to the figures available from Monroe County, 452 families were affected by major changes in day care eligibility; 130 families lost all family day care subsidy, of these 25 percent began receiving public assistance or food stamps within six months of the notification of this change. New York has also increased fees for service and has sought alternative sources of funding for day care (Title IV-A or WIN), and preventive services (state funds), and is also exploring more cost effective ways of providing day care.

ILLINOIS

As a direct result of changes in federal regulations, the Title XX central administrative staff were reduced by 55 percent, from 62 to 28 staff. At an estimated salary level of $20,000 per staff, this resulted in a savings of approximately $680,000.

Illinois is seeking alternative funding for day care currently funded from Title XX funds, and has reduced by ⅔ the amount for funds allocated to juvenile delinquency preventive programs. Illinois is proposing to prioritize intake to be able to service low-income and abused and neglected clients first.

TENNESSEE

Has discontinued three supplemental programs that served children. These were locally provided services programs and included: companionship' services (653 children adopted); family and individual counseling (1,760 children dropped); and health and related services (105 children dropped). In day care, Tennessee has maintained the same number of children served, but they did this by going back to using state day care staffing standards rather than the no longer required federal day care staffing standards. They, thus, were able to lower the rate they paid day care centers, while retaining the same number of children in centers. If the proposed fiscal year 1983 budget cuts are accepted, Tennessee will not reduce their mandated services, but rather will reduce by 35 percent their contracted services. This will affect approximately 197 existing Title XX contracts. Day care is the largest contracted service. A reduction of 35 percent will mean that of the 13,000 children served on a 12 month basis, 4,578 will no longer receive care. In addition, if the fiscal year 1983 cuts are adopted, 1,761 of the 5,000 children served in child development services programs will no longer be served. The child development program is an important program in Tennessee, as it works in conjunction with their protective services program. More budget reductions would make it very difficult for Tennessee to continue to implement the child welfare/foster care reforms of Public Law 96-272.

NEW JERSEY

Put a freeze on administrative hiring in the Department of Children and Youth Services. Approximately 120 administrative positions have been eliminated. This has resulted in delays in such things as foster care payments and has also affected policy development and planning. Most of the cuts have been at the administrative level; there has been an emphasis on cutting administrative overhead in order to keep services programs. Through attrition 180 casework positions have not been filled. These caseworkers served primarily abused and neglected children, who are now being served by other social workers with already high case loads. New Jersey has had to close 5 state-operated day care centers. The majority of children who were served by these centers have been placed in private centers. New Jersey has not experienced the full impact of the fiscal year 1982 budget cuts, because they are on a different fiscal year from the federal government, and they were able to transfer funds from other areas to cover their major costs for children's services programs. Once New Jersey's fiscal year begins, it is anticipated that there will be additional cuts. They plan to close 9 more state-operated day care centers, and are looking for ways to save $3.7 million in contract services. They plan to try to save an additional $1.7 million through staff lay-offs. These will most likely have to be direct service workers. If the additional budget cuts were adopted, services would be directly affected, in particular day care. Additionally, cuts would also affect compliance with P.L. 96-272, as the state would try to save money in areas such as information systems and case planning, to be able to spend money on the services needed by children.

LOUISIANA

Has prioritized programs into: life support programs (e.g. child protection, foster care); essential for health and family unit maintenance (e.g. home delivered meals, day care); and important services to individual and community well-being (family planning, counseling). Reductions in services occurred in the latter two areas; there were no reductions in priority area one. Priority areas two and three are almost all contracted services. Before the cuts, 86,000 persons were served; after the cuts 68,000 people. Additional custs would greatly affect Louisiana's ability to provide any services in priority areas two and three, and they would probably be able to provide day care only as a protective service.

MICHIGAN

To save approximately $7 million in administrative costs, and to avoid laying off staff, the Department of Social Services allowed staff the option of voluntarily reducing their paid working hours. At present there is about an 80 percent participation rate in the voluntary pay reduction effort, and no staff lay-offs have been necessary. Michigan has eliminated all purchased staff training. Alternative funding for day care has been sought since Title XX funding has been reduced.

TEXAS

To implement the reduction, Texas began to reallocate resources on a program priority basis. Effective October 1, 1981 contracts in two priority service areas were cancelled: services to unmarried and school age parents, and services to juveniles (truants, runaways, and children in need of supervision). Texas is making an effort to encourage greater participation on the part of local communities in meeting the service needs of their residents through increased fiscal investment in those services. In many communities the Texas Department of Human Services has been seen as the only or primary service provider. While local governments are likely to assume at least partial responsibility for these services, it is likely that most of the needs for service will not be met. One possible outcome of reducing services in these two areas is that the situation will deteriorate into more serious abuse or neglect, and thus demand more costly intervention on the part of the agency.

GEORGIA

Has exercised its increased flexibility to provide services to a larger population, in particular expanding services to those who have a greater capacity to pay for them. Through this increased use of fees for service, Georgia is able to fund more services to those who are unable to pay.

MISSOURI

As a result of the fiscal year 1982 budget cuts Missouri lost $14.1 million in federal title XX funds. Some additional money was transferred from the low-income energy assistance program to the social services block grant to assist the state in absorbing the Title XX cuts. The Missouri Department of Social Services divides their expenditures into three categories: administration, direct services and purchased services. All three of these categories of spending were affected. Through application of more effective, efficient management practices and the streamlining of administration Missouri was able to reduce administrative expenditures by 49 percent, or $3 million, below the fiscal year 1981 expenditure level. Direct services provided by the Division of Youth Services, primarily to status offenders or delinquent children, were reduced by 32 percent, or $1.35 million, below fiscal year 1981 levels. This reduction was made by closing one group home, and reducing the park/camp programs. The children who would have been served through these programs were instead moved to short term intensive treatment programs. Purchased services, the largest expenditure area, were reduced by 13 percent, or $5 million, below fiscal year 1981 levels. Perhaps the program that was the most affected by the budget reductions was the day care program. Missouri changed the reimbursement process from one of "reasonable reimbursement" based on day care centers' estimated cost of providing day care (reimbursements varied from $7 to $13 per day per child) to a flat rate of reimbursement (set at $8 per day/per child). Day care centers are allowed to charge a co-payment from clients of the center to make up for the reduction in reimbursement. Missouri also changed the eligibility for day care services, for clients in training, or education. In order to receive day care a client must be studying in a field or an area that will result in employment. If studying for a high school diploma, there is no restriction on the length of time a client is eligible for state-supported day care; if studying for a graduate equivalency degree (GED) a client is eligible for up to six months; if studying for a four year college degree a client is no longer eligible for state-supported day care services. Missouri has already made administrative reductions and the "easier" services reductions as a result of the fiscal year 1982 cuts. Additional budget cuts would of necessity have a direct impact on clients.

NORTH CAROLINA

As a county-administered, state-supervised state, the counties in North Carolina made the decisions about where the cuts would be made. Staff in the county departments of social services were reduced overall by 17 percent (from 2512 to 2087). Given the choice of fund services to children or to fund services to adult most county departments made the choice to fund services to children. Thus, child welfare services were affected less severely by the fiscal year 1982 budget cuts than were services to adults. Many state contracts for purchases services were terminated or greatly reduced.

MASSACHUSETTS

As a new agency, begun in 1981, the fiscal year 1982 budget cuts affected the Massachusetts Department of Social Services' planned increases in support services. Thus fewer services, designed to reduce the need for substitute care, were available than had been anticipated. As a result of an anticipated reduction in federal funds in fiscal year 1983, the state portion of the newly established public/private partnership program has been decreased by 46 percent (from $13 million to $7 million). This partnership program was established to increase private contributions to social services program, and private donations were matched by public dollars. Massachusetts has also instituted a variety of administrative changes designed to make more efficient and effective use of the social service dollars. They have improved the efficiency of the foster care payment system and have tightened up on fiscal reporting within the state. They have also developed a new consumer management system which enables the department to more closely monitor the services needs and expenditures. The proposed budget reductions will impact on the ability of Massachusetts to continue this system.

Perhaps the most important message to communicate to you today is that the impact of the federal budget reductions enacted in fiscal year 1982 has not yet been fully felt in many states. There are a variety of reasons why this is so. In part because of the uncertaintly, until well into the fiscal year, of the final federal funding level, and in part because many states are on a fiscal year cycle that differs from the federal government's, several states have been able to delay actual service reductions. Other states have avoided making cuts by passing on or sharing the federal reductions with other levels of government, service providers, and service recipients. As is apparent from the examples above, some states have been better able than others to absorb or otherwise respond to the fiscal year 1982 budget cuts in service programs. All states however, have indicated that serious service disruptions would be the result of further budget reductions, especially of the magnitude proposed by the President in his fiscal year 1983 budget package.

NATIONAL COUNCIL OF STATE PUBLIC WELFARE ADMINISTRATORS RECOMMENDATION ON FISCAL YEAR 1983 SOCIAL SERVICE BLOCK GRANT FUNDING

The National Council of State Public Welfare Administrators urges the Congress to reject the President's proposal to reduce the Title XX social service block grant by an additional 18 percent and instead retain a stable level of federal funding for Title XX. This stable funding level must be one on which states can rely and on which other efforts can be built to protect dependent, neglected and abused children, and to prevent, where possible, other children from being abused, neglected or otherwise harmed by those in whose hands their care has been entrusted. The Council believes that this stable funding level should be established at the levels provided in the Omnibus Budget Reconciliation Act of 1981 ($2.45 billion in fiscal year 1983). A copy of the formal resolution on the Social Services Block Grant Funding as adopted by the Council at its meeting in Washington, D.C. on February 11, 1982 is attached to this testimony.

CHILD WELFARE BLOCK GRANT

President Reagan's fiscal year 1983 budget proposal recommends a child welfare block grant, which would consolidate Title IV-B child welfare services, and training, with Title IV-E foster care and adoption assistance, and would reduce funding by approximately 23 percent below what is estimated states will receive in Fiscal Year 1982 for these four programs. According to Secretary Schweiker, the proposal, when it is finally drafted, will reduce the federal burden on states while retaining protections for children in foster care and those included in P.L. 96-272, the Adoption Assistance and Child Welfare Act of 1980.

The enactment of P.L. 96-272 represented the culmination of years of effort by a broad coalition of individuals and organizations concerned about children, and could not have happened without the strong leadership from members of Congress such as yourself, Mr. Chairman, and the other distinguished members of this committee.

The National Council of State Public Welfare Administrators was actively involved throughout the five-year development of the legislation, testifying before this committee and others in support of the child welfare, foster care, and adoption assistance initiatives that are now embodied in P.L. 96-272. The Council is on record in support of the creation of a new Part E of the Social Security Act, to authorize a program of federal assistance to states for foster care and adoption assistance, including new state requirements to assure effective administration of the program. The Council supported phased increases in Title IV-B child welfare services funding to reach the full $266 million authorization, as a fiscal incentive for states to establish foster care information systems, inventories of children in care, case review systems, and permanency planning and preventive service programs.

The Council strongly supported the passage of H.R. 3434, which contained the best elements of all of its predecessor bills, and provided the necessary federal framework for reforming the state child welfare and foster care systems. A key element in H.R. 3434, which became P.L. 96-272, was it use of funding incentives to effect reform. Under provisions of Section 427 of P.L. 96-272, states may receive their share of Title IV-B child welfare services funds up to $141 million without instituting any of the new P.L. 96-272 requirements. However, to receive their share of funds over $141 million, states have to meet the additional requirements included in the law. These requirements, or protections, are: an inventory of all children in foster care longer than six months; a state-wide child welfare information system; a case review system; a services program designed to achieve permanency for children; and a preplacement preventive services program.

The first of these incentive increases in Title IV-B funds was available to states in fiscal year 1981, as Congress appropriated $163.5 million for Title IV-B child welfare services. This was the first time that federal funds for child welfare services exceeded $60 million. By the end of fiscal year 1981, 34 states certified that they had met the P.L. 96-272 Section 427 requirements, and thus qualified for the incentive money. In this current fiscal year, slightly less Title IV-B money is available ($156.3 million), but it is expected that additional states will have met the requirements and will be able to qualify for the Section 427 funds.

The Council believes that P.L. 96-272 has been a very positive force in both providing the direction and the incentive for states to move toward instituting these much needed but expensive reforms of their foster care and child welfare systems. Without the availability of the additional funds, undoubtably many states would not have been able to afford such reforms.

IMPACT OF CHILD WELFARE BLOCK GRANT

Since there has been, to date, no official child welfare block grant proposal introduced by the administration, the National Council of State Public Welfare Administrators is taking no formal position on the block grant at this time. Nonetheless, I would like to take this opportunity to make several comments with respect to the concept as we understand it. These concepts have been addressed in a Council resolution passed at its quarterly meeting in February.

As the administrators of the state child welfare, foster care, and adoption assistance programs, we would certainly welcome the administrative flexibility that the block grant mechanism would apparently entail. However, we have several major concerns with this proposal as we understand it: the funding level, loss of entitlement status, and the apparent abdication of the federal government's responsibilities in assuring quality children's programs and permanency for children.

The propose child block grant presents us with the same problems as does the social block grant: a funding level too low to be able to adequately meet the needs of children in care and a funding reduction too large to be justified on the grounds of administrative savings. The proposed 23 percent reduction, coupled with the retention of the P.L. 96-272 requirements, would place states in the untenable position of having to choose between meeting critical system needs and meeting critical service needs. This proposed funding reduction, taken along with the proposed reduction in Title XX, would virtually decimate children's services programs in fiscal year 1983.

The foster care program has since its inception been considered an entitlement program, with federal funds available to reimburse states for their expenditures in support of children within the state who meet the requirements of the federal foster care program. With passage of P.L. 96-272, there was for the first time a provision for a ceiling on the amount of funds that would be available from the federal government for reimbursement of foster care maintenance costs. This ceiling only goes into effect when federal funds for child welfare services are appropriated at "sufficient" levels, as defined by law in P.L. 96-272. The reason for this ceiling on foster care is to effect a national policy change, a shift from federal emphasis on foster care to an emphasis on services to achieve permanency for children. The foster care ceiling was not put in place as a budget tightening device, but rather as a budget mechanism to achieve policy change. Even with the possibility of a ceiling, the Title IV-E foster care program remains an entitlement program. The continuation of federal funds for the support of children outside their own homes is vital. It is not something that should be subjected to the uncertainities of the annual appropriations process. The integrity of the foster care system and the success of adoption assistance program for special needs children depend on a reliable source of funding. The interests of dependent children and of the nation are best served by continuation of Title IV-E as an entitlement program. We must maintain a national commitment to children.

The Council also would like to see, a continuation of the progressive child welfare reforms as embodied in P.L. 96-272. The Council believes that there must be continued efforts to insure that children do not linger in out-of-home placements.

It appears from both this proposal and the proposed fiscal year 84 turn-over to states of all of the existing children's service programs, that the administration does not believe there is any role for the federal government in children's services programs. The Council maintains that there is a valid role for the federal government to provide leadership, technical assistance, and guidance to states. The federal government should not be involved in the details of administering programs but rather in setting broad directions and goals for programs to pursue.

NATIONAL COUNCIL OF STATE PUBLIC WELFARE ADMINISTRATORS RECOMMENDATIONS ON THE CHILD WELFARE BLOCK GRANT

The National Council of State Public Welfare Administrators strongly opposes additional cuts in Title IV-B or Title IV-E. These programs have already been significantly affected by the funding reductions in the Title XX social services block grant. Additional cuts cannot be absorbed through non-existent administrative savings. Cuts in Title IV-E would seriously affect the quantity and quality of services to children and would severely undermine the implementation of Section 427 of P.L. 96-272. The Council recommends that these programs be funded in Fiscal Year 1983 at a level equal to or greater than the current Fiscal Year 1982 level.

The Council would like to discuss further with Congress and with the administration the concepts proposed in the child welfare block grant, and their implications for an ongoing federal commitment to child welfare programs. (Attached to this testimony is a copy of the formal resolution adopted by the Council at its meeting on February 11, 1982 concerning the Child Welfare Block Grant).

Thank you very much, Mr. Chairman, members of the subcommittee, for this opportunity to share with you over views on the impact of the recent and proposed budget cuts in children's services programs.

FISCAL YEAR 1981-82 SOCIAL SERVICES STATE ALLOTMENTS COMPARISON

	Fiscal year 1981			Approximate percentage reduction	Fiscal year 1982 block grant	Dollar reduction
	Services	Training	Total			
Alabama	$49,764,061	$1,003,660	$50,767,721	19	$40,989,347	$9,778,374
Alaska	5,359,411	108,090	5,467,501	23	4,214,543	1,252,655
Arizona	31,305,345	1,038,151	32,343,496	11	28,639,857	3,703,639
Arkansas	29,071,148	1,350,396	30,421,544	21	24,087,527	6,333,717
California	296,483,159	6,393,439	902,877,098	18	249,402,791	53,474,307
Colorado	35,507,761	716,133	36,223,894	16	30,441,703	5,782,191
Connecticut	41,212,941	5,740,523	46,953,764	30	32,749,329	14,204,435
Delaware	7,753,193	156,369	7,909,562	21	6,269,579	1,639,983
District of Columbia	8,963,382	233,069	9,196,451	27	6,722,674	2,473,777
Florida	114,289,776	2,305,038	116,594,814	12	102,631,424	13,963,390
Georgia	67,611,033	1,391,890	69,002,923	17	57,574,754	11,428,169
Hawaii	11,929,012	240,588	12,169,600	16	10,168,309	2,001,291
Idaho	11,676,335	235,492	11,911,827	16	9,947,029	1,964,798
Illinois	149,518,263	3,015,539	152,533,802	21	120,312,691	32,221,111
Indiana	71,467,682	1,441,386	72,909,068	21	57,848,719	15,060,349
Iowa	38,513,257	776,750	39,290,037	22	30,694,594	8,595,443
Kansas	31,225,552	629,768	31,855,320	22	24,899,184	6,956,136

FISCAL YEAR 1981-82 SOCIAL SERVICES STATE ALLOTMENTS COMPARISON—Continued

	Fiscal year 1981			Approximately percentage reduction	Fiscal year 1982 block grant	Dollar reduction
	Services	Training	Total			
Kentucky	46,519,157	1,430,748	47,949,905	20	38,576,350	9,373,555
Louisiana	52,742,989	1,358,867	54,101,856	18	44,297,999	9,803,857
Maine	14,508,977	607,493	15,116,470	22	11,854,246	3,262,224
Maryland	55,096,875	1,111,214	56,208,089	21	44,424,444	11,783,645
Massachusetts	76,787,196	2,071,214	78,858,410	23	60,451,384	18,407,026
Michigan	122,202,554	2,464,626	124,667,180	22	97,552,539	27,114,641
Minnesota	53,301,539	1,075,005	54,376,544	21	42,959,786	11,416,758
Mississippi	31,970,284	680,157	32,650,441	19	26,564,047	6,036,394
Missouri	64,632,105	1,303,524	65,935,629	21	51,810,956	14,124,673
Montana	10,439,548	594,132	11,033,680	25	8,292,703	2,740,977
Nebraska	20,812,602	419,756	21,232,358	22	16,543,258	4,689,100
Nevada	8,777,199	181,338	8,958,537	6	8,419,149	539,388
New Hampshire	11,583,244	233,615	11,816,859	18	9,704,676	2,112,183
New Jersey	97,440,213	1,965,210	99,405,423	22	77,595,258	21,810,165
New Mexico	16,118,130	572,546	16,690,676	18	13,698,239	2,992,437
New York	236,026,873	7,630,327	243,657,200	24	184,999,992	58,657,208
North Carolina	74,167,335	2,084,511	76,251,846	19	61,894,968	14,356,878
North Dakota	8,670,809	270,000	8,940,809	23	6,880,731	2,060,078
Ohio	142,948,662	2,853,041	145,831,703	22	113,764,147	32,062,556
Oklahoma	38,300,507	792,238	39,092,745	18	31,874,749	7,217,996
Oregon	32,502,236	655,517	33,157,753	16	27,744,203	5,413,550
Pennslyvania	156,260,748	4,031,221	160,291,969	22	125,013,851	35,248,118
Rhode Island	12,434,366	424,084	12,858,450	22	9,973,641	2,379,809
South Carolina	38,805,361	782,651	39,588,512	17	32,865,237	6,723,275
South Dakota	9,176,163	185,068	9,361,231	22	7,270,604	2,090,627
Tennessee	57,942,815	1,168,612	59,111,427	18	48,375,859	10,735,568
Texas	173,070,415	4,553,312	177,624,227	16	149,921,962	27,702,265
Utah	17,381,515	612,524	17,994,039	14	15,394,714	2,599,325
Vermont	6,476,509	388,690	6,865,199	22	5,334,462	1,480,737
Virginia	68,462,156	1,579,505	70,041,661	20	56,331,375	13,710,286
Washington	50,189,622	1,190,840	51,380,462	15	43,518,853	7,862,209
West Virginia	24,735,744	1,199,419	25,935,163	21	30,547,359	5,387,304
Wisconsin	62,225,025	1,447,070	63,672,095	22	49,577,090	4,095,005
Wyoming	5,638,686	274,318	5,913,004	16	4,962,977	950,027
Puerto Rico and Territories	16,000,000			17	13,324,138	2,675,862
Total	2,916,000,000	75,000,000			2,400,000,000	

Prepared by APWA Sept. 11, 1981.

SOCIAL SERVICES BLOCK GRANT FUNDING

Whereas, the recently enacted social services block grant provides funds for a variety of the nation's critical human service programs, which help people live independent and productive lives (such as day care for working mothers, protective services for abused and neglected children, in-home services to help senior citizens remain in their own homes, and rehabilitation services to enable mentally and physically handicapped persons to live independent lives); and

Whereas, the administration's stated goal of economic recovery is consistent with the goals of programs funded under the social services block grant; and

Whereas, the social services block grant suffered a 20 percent reduction in funding in fiscal year 1982 and the administration is proposing to reduce it by an additional 18 percent in fiscal year 1983; and

Whereas, states, realizing the long term value and cost effectiveness of social services, have maintained their commitment to social services programs despite federal budget cuts and have taken many positive steps to improve the quality and efficiency of social service programs (such as enhancing voluntary action to supplement publicly funded programs, expanding fee schedules, copayment mechanisms and other income producing measures, and targeting services to the most needy and vulnerable people); and

Whereas, states cannot absorb additional cuts in the social services block grant and other interrelated programs (such as Work Incentive program, community service block grant, and rehabilitation services) without drastically reducing the services available to assist persons obtain and maintain independence: Therefore be it

Resolved, that National Council of State Public Welfare Administrators strongly urges the Congress to retain a stable federal funding level for the social services block grant, in which states can rely and on which other efforts to reduce dependency can be built. This stable funding should be established at the levels provided in the Omnibus Reconciliation Act of 1981 ($2.45 billion in fiscal year 1983).

Adopted by the National Council of State Public Welfare Administrators on February 11, 1982

CHILD WELFARE BLOCK GRANT

Whereas, the administration has proposed to consolidate the child welfare services and training programs (Title IV-B) with the foster care and adoption assistance programs (Title IV-E), and reduce funding by approximately 20 percent on the basis of administrative savings; and

Whereas, service reductions and service priority changes have already occurred in fiscal year 1982 due primarily to reductions in the social services block grant; and

Whereas, the children served by these programs are abused, neglected, and dependent children whose care and protection is and will continue to be the responsibility of the states regardless of the economic conditions of the nation; therefore be it

Resolved, that the National Council of State Public Welfare Administrators opposes the proposed funding reduction for the child welfare block grant, and proposes a funding level equal to or greater than the fiscal year 1982 funding level; and be it further

Resolved, that the chair of the NCSPWA social services committee in consultation with the executive committee of the NCSPWA form a subcommittee whose purpose will be to discuss with members of Congress, the administration, and other appropriate groups the concepts proposed in the child welfare block grant and their implications for an ongoing federal commitment to child welfare programs; and be it further

Resolved, that whether or not these programs are placed in a block grant, the NCSPWA supports the continuation of the progressive child welfare requirements embodied in P.L. 96-272 (Adoption Assistance and Child Welfare Act of 1980), the cumulative purpose of which is to insure that children will not linger in out-of-home placement.

Adopted by the National Council of State Public Welfare Administrators on February 11, 1982.

Ms. BLUM. Thank you. Perhaps the most important message then today is to communicate that the full impact of the Federal budget reductions enacted in fiscal year 1982 has not yet been felt in many States. In part, because of the uncertainty until well into the fiscal year of the final Federal funding level, and, in part, because of differences in fiscal years, several States have been able to delay actual service reductions.

Other States have avoided making cuts by passing on or sharing the Federal reductions with other levels of government, with service providers, and with service recipients themselves. Some States have been better able than others to respond to this year's budget cuts in the services programs.

All States, however, have indicated that serious service disruptions would be the result of further budget reductions, especially of the magnitude proposed by the President in his fiscal year 1983 budget package.

To avoid this disruption, the National Council of State Public Welfare Administrators urges Congress to reject the President's proposal to reduce the social services block grant by an additional 18 percent and to instead retain a stable level of funding for title XX. The stable funding level must be one on which States can rely and on which efforts can be built to protect vulnerable children and families.

The council believes that the stable funding levels should be established at $2.45 billion in fiscal year 1983, the level provided in the Omnibus Budget Reconciliation Act.

On the child welfare block grant, President Reagan's fiscal year 1983 budget proposal also recommends a child welfare block grant which would consolidate title IV.B, child welfare services and training, with title IV.E, foster care and adoption assistance, and would reduce funding by approximately 23 percent below what is estimated States will receive in fiscal year 1983 for these programs.

According to Secretary Schweiker, the proposal, when it is finally drafted, will reduce the Federal burden on States while retaining protections for children and foster care and those receiving child welfare services.

The enactment of Public Law 96-272 represented the culmination of years of effort by a broad coalition of organizations concerned about children, supported by the strong leadership of Members of Congress, including you, Mr. Chairman, and the other distinguished members of this committee. The National Council of State Public Welfare Administrators were actively involved throughout the 5-year development of this legislation. Our council is on record in support of the creation of a new part IV.E of the Social Security Act, including new State requirements to assure effective administration of the program.

The council supported phased increases in title IV.B child welfare services funding as a fiscal incentive for States to establish foster care information systems, conduct inventories of children in care, establish case review systems, and develop permanency planning and preventive service programs.

The first of these incentive increases in title IV.B funds was available to States in fiscal year 1981, when Congress appropriated $163.5 million for title IV.B child welfare services. By the end of the fiscal year, 34 States certified that they had met Public Law 96-272 requirements and thus qualified for the incentive funds.

In the current fiscal year, slightly less IV.B money is available. But it is expected that additional States will have met their requirements.

The council believes that Public Law 96-272 has been a very positive force in providing both direction and incentive for States to move toward instituting much needed extensive reforms of their foster care and child welfare systems. Without these additional funds, many States would never have been able to make this progress.

Since there has been no official child welfare block grant proposal introduced by the administration to date, our national council has taken no final position on the block grant at this time. We have, however, addressed issues raised by the proposal, which are included in a resolution attached to our testimony.

As administrators, we welcome the administrative flexibility that the block grant mechanism may entail. However, we have several major concerns with this proposal, as we understand it. Most importantly, the funding level, the loss of entitlement status for foster care, and the apparent abdication of Federal responsibility for insuring quality service programs and permanency for children.

The proposed child welfare block grant presents us with the same problems as does the social services block grant: A funding level too low to meet the needs of children in care and a funding reduction too large to be justified on the grounds of administrative savings.

The proposed 23 percent reduction, coupled with the retention of the Public Law 96-272 requirements, would place States in the untenable position of having to choose between making critical systems improvements and meeting critical service needs. Thus proposed, funding reduction taken along with the proposed reduction in title XX would virtually decimate children's services programs in fiscal year 1983.

The foster care program has been considered an entitlement program since its inception. The ceiling on foster care, established by Public Law 96-272, goes into effect only when Federal funds for child welfare services are appropriated at sufficient levels as defined by that statute.

It is important to point out that the foster care ceiling was put in place not as a budget-tightening device but rather as a mechanism to promote permanency for children.

Programs which provide that essential care for children outside their homes and seek to keep families together should not be subject to the uncertainties to the annual appropriations process. The interests of dependent children and of the Nation are best served by continuation of title IV.E as an entitlement program.

The council also supports the continuation of the progressive child welfare reforms embodied in Public Law 96-272. The council believes that there must be continued efforts to insure that children do not linger in out-of-home placements. It is our belief that there is a valid role for the Federal Govermment in children services programs. The Federal Govermment should not be involved in the details of administering programs but rather in setting broad directions and goals for the programs to pursue.

In summary, the National Council of State Public Welfare Administrators strongly opposes additional cuts in title IV.B or IV.E. These programs have already been significantly affected by the funding reductions in the title XX social services block grant. Additional cuts cannot be absorbed through nonexistent administrative savings. Cuts in title IV.E would seriously affect the quantity and quality of services to children and families and would severely undermine the progress begun by the Adoption Assistance and Child Welfare Act of 1980.

The council recommends that these programs be funded in fiscal year 1983 at a level equal to or greater than the current level. The council would like to discuss with Members of Congress and with the administration the concepts proposed for the child welfare block grant and their implications for our shared commitment to children.

Thank you very much.

Mr. RANGEL. Thank you, Commissioner.

What is happening to those kids that lost medicaid benefits as a result of the changes in AFDC?

Ms. **Blum**. We have been monitoring throughout the States. In fact, APWA has been very active in surveying what is occurring in the States. As you know, the first States to implement began in October. Other States were limited and required statutory change, as in New York, to monitor the effects on families and children.

We are observing in one of our districts in New York State, for instance, Monroe County, that about one-quarter of the families of the cases that became ineligible for day care have applied for public assistance or food stamps within 6 months.

But our staff at both the State and APWA level, are actively trying to analyze the information that is just beginning to come in, and we will continue to share with you whatever information is available.

Mr. **Rangel**. What do you find the political climate to be in Albany? Are the State legislators prepared to increase taxes in order to compensate for this shortfall in Federal programs?

Ms. **Blum**. I think there would be great reluctance to see any significant increase in taxes. And there would have to be a significant increase in order to compensate for the level of cutbacks that you have been discussing here this morning.

Our legislators, as you know, tend to be very constructive and progressive, and they did take certain actions in the fall to protect, for instance, pregnant women who otherwise would not have been able to receive benefits during their earlier trimesters of pregnancy, a foolish change in AFDC.

They also took action to provide for continuing benefits for students who were finishing high school, working through vocational training school or in college because they recognize those credentials are very important to assure independence for our young people who currently receive assistance.

But even taking these and other small steps cost the State $60 million. We cannot afford to step in and pick up other reductions of much greater magnitude, much as I think our State legislators would want to do that.

Mr. **Rangel**. Have you been contacted by any churches or charitable organizations or private corporations, indicating that they are willing to join the national call for voluntarism?

Ms. **Blum**. No. In fact, we have had discussions with corporate representatives as well as Catholic Charities and the Federation of Protestant Welfare groups who express puzzlement. Everyone wants to help. The problem is that when you have reductions of this magitude, dollars are simply not there to compensate for the level of cutback.

And it is not for lack of willingness. There really is a concerted effort with other approaches to try to provide support for our most dependent families. But we are limited, whether we are talking about private or public resources.

Mr. **Rangel**. Mr. Miller.

Mr. **Miller**. Thank you very much for your statement to explain to some Members of Congress that for an administration that is talking about flexibility and New Federalism, title XX provided that opportunity in social services. And since this administration has come to town, all sorts of things have happened.

Having that fact on the record would make us a little skeptical, I think, to turn over child welfare in the same block grant proposal to this same group of people who have demonstrated a lack of concern in their cuts in title XX, which, I think, provides the greatest flexibility to States and localities to meet those social service needs.

You state in the record that you do not see any savings coming from the so-called flexibility that it would allow. Last year these savings seemed to have evaporated. These savings were supposed to have been generated because local entities can do it better. But you are suggesting that is not the case?

Ms. BLUM. No. In fact, the discussion of flexibility tends to become absurd, because title XX was the one program which we had where one could plan and produce services in a flexible way.

I think that State administrators and local county administrators had used that flexibility well to demonstrate that we can produce the most for the public dollar. We were caught then in a dreadful trap. During the fall, when those funds were reduced so mightily and so suddenly, counties and States found themselves rigidly bound in to providing the most basic services, like protective services, without the ability to stabilize families with preventive and day care services, which often can prevent the need for those expensive protective or foster care services.

We need you so much as we have always needed you in the past, but we need you more now to represent the citizens who require title XX and child welfare services. Those services are most in need of protection. It has been cited already that they comprise the smallest portion of the human service budget, but they have been the hardest hit. And I became very skeptical in watching where the reductions occurred, when I knew where the growth had been occurring in the human service and other portions of the budget.

So I hope that you and our chairman, as in the past, will continue to advocate for these very necessary programs that are little understood by the public but certainly understood and needed by our citizens.

Mr. MILLER. Thank you.

Mr. RANGEL. My cochairman, Mr. Waxman.

Mr. WAXMAN. I have no questions.

Mr. RANGEL. Thank you. I do hope that the improvement that you are able to bring about in the State of New York and that progressive legislative body, of which I am so proud to be a former member, does not cause us to have a setback. The setback may come as people vote with their feet and come into the State to take advantage of the benefits.

It seems sometimes like Catch-22, where the more that you try to do for people the more you burden the taxpayers.

Ms. BLUM. I think we can only remain optimistic. Keep fighting.

Mr. RANGEL. Thank you, Commissioner.

As most of you can see, our next witness, Bill Cosby, has agreed to testify before our committee. It is so unusual to see somebody who has gained such outstanding praise for drama and comedy, who is an international entertainer, and a winner of awards, who has nonetheless been able to find so much time to assist communities in economic development and civil rights. I suspect that notwithstanding his educational background and his family life, there is nothing that shines forth no matter what he is doing more than his deep-seated love and affection for children.

As his country and his Congress are about to embark upon programs that could adversely affect children, we should not be surprised that Bill Cosby once again is coming forth to share his views with us.

On behalf of the Ways and Means Committee and the Commerce Committee, I welcome you.

Mr. Waxman.

Mr. **Waxman**. I too want to welcome you, and I look forward to your testimony.

Mr. **Rangel**. Mr. Miller.

Mr. **Miller**. Welcome.

Mr. **Cosby**. Is this all right? Is the volume fine?

Mr. **Rangel**. Yes. Please proceed as you wish.

STATEMENT OF BILL COSBY, GREENFIELD, MASS.

Mr. **Cosby**. I think that every person who is really an authority on what is going on in terms of the cuts, the people who know the numbers, the people who have all the significant data, will probably be saying the same thing. And in thinking about what I was supposed to do that would make it really significant, I do not know how many people have come to say what the cuts would have meant had they happened at a time when they were growing up.

Much of my humor has been about living in the lower economic neighborhood in North Philadelphia. I think that had I not been a young child to take advantage of the benefits that we had in those days, we would have been thrown out of our home because my parents were lower economic people.

At the time, it was not called welfare, it was called relief, and we looked forward to the 15th and the 30th of each month. The mailman was a very important person in our lives.

We moved into a lower economic housing project called the Richard Allen Homes, which was probably one of the first in north Philadelphia or in Philadelphia to be built. It was the first time as a child that I had seen hot and cold running water come out of the same faucet, running full strength. The tub was the first tub I could remember being bathed in. Prior to that, we lived in north Philadelphia in a place on Stuart Street. My mother bathed me in one of those metal tin tubs, the Wheeling tubs, put the cold water in it, because we only had cold water, put it on the stove, heated it, and pulled it down and bathed us.

The hospital in our neighborhood of north Philadelphia in the housing projects was the Einstein Hospital. The medical aid we received was paid for by the Government. Our lunches were paid for by the Government, in the sense that my mother gave me a quarter for lunch, and it cost something like 15 cents. And for that I received "a well-balanced diet," and as you all know, this changes every 5 years as to what is well balanced.

I played on athletic teams that were supported by the Government. These teams, I believe, kept me from having an idle mind that could very well have caused me to think about doing other things that may have been harmful. There were gangs available, but I had sports that I loved, and they gave us real uniforms, police athletic league, organizations such as the Salvation Army and so forth and so on.

What I am trying to get at is that without this aid, without that check coming the 15th and the 30th, my father wandering back and forth between home and whatever the problems were that my parents had, had it not been for this aid, I and my brothers and my mother would have really been out in the street or living with other people, people who would be relatives or friends of my mother's.

What I am saying is I do not think anyone is realizing the simple fact that my mother did not have a Cadillac. She did not maneuver so she could get 12 welfare checks. She did not maneuver so that she could get a kickback from a doctor on medicaid. My mother used everything.

Now, she did cheat. She worked as a domestic from 8 in the morning until around 5 in the evening, at that time, which is in the late 1940's through the 1950's, for $8 a day cash as a domestic. She worked 3 days a week. So this $24 a week somehow still went up because she had three boys that she had to take care of.

I think that the people who are making these cuts are not really and truly thinking. The people who are using the offenders and abusers of these programs to make these cuts are not using the proper numbers. They are leaving them out. And needless to say, even in businesses that are using great religious orders, there is a great amount of cheating and stealing that goes on.

Children who need to be aided because their parents are lower economic or lower middle economic are being punished because someone feels that this is the reason why we are a country that is having a terrible, terrible deficit problem. They happen to be very, very wrong. And I look for other people to prove this theory.

I do not have it on paper. I could read it for you out of numerous books. But the reason why I wanted to come here was to tell everyone what I happen to be a product, my two brothers happen to be products, of. There is a certain emotional feeling that you get which makes a difference between your being able to have your tooth taken care of when you are in pain and you are poor as opposed to just letting the darned thing hurt and having no place to go to get it fixed because you have no money for it.

I do not think that America is supposed to be like that. I do not think that we are supposed to be a country that will say, well, some of you will just have to die, some of you will just have to suffer.

The songs that I remember singing as a child had to do with tightening your belt and flexing your arm and getting ready to save the country. They did not say anything about some of you will not eat, some of you will die, because you cannot get medical service, old or young.

It did not say that a child who is unhealthy because he or she cannot get any aid has to look at an old person across the hall who is dying because they cannot get any aid either. I do not think this is what America is supposed to be about.

I am going to close off at this particular point, because I have said all that I have to say. My wife and I are to this point very wealthy people because of what I do for a living and what I have chosen to do. I said to my wife, when I die I want to come back as one of my children because somehow through this setup these five people who have never had a job are going to have more money than I ever had and will ever hope to have, because of the tax structure.

I want to thank all of you for letting me speak. And I feel very, very American about being able to come here and say all of this.

Mr. RANGEL. Thank you, Mr. Cosby.

What has been your experience with those people that have been the beneficiary of Government programs in the past when they have somehow broken through poverty and reached a point where they are no longer dependent? Do you find that they forget so easily that they once were dependent on Federal programs?

Mr. COSBY. No; absolutely not. Nor will their friends let them forget. [Laughter.]

We tend to have a club. I can name five fellows who lived in the projects with me. Well, they did not live with me, but we lived in the projects, our parents lived there. One is the president of a number of radio stations in the United States of America. Another one is just a plain old graduate of Penn State. Another one is just a plain old doctor. And others are schoolteachers. We have a number of Ph. D.'s who graduated from the same elementary school that I graduated from.

I am here really to tell you that the number that they keep mentioning about the person with the Cadillac, the person who has abused and so forth and so on, nowhere near comes close to the number that is going to be destroyed because we may cosmetically make some middle-income people feel that the job is being done.

I am not saying that we are not supposed to be No. 1 in defense, which becomes offense, which becomes defense again, which may lead to no fence at all. [Laughter.]

I am saying that surely the United States of America, being a country made up of brilliant people, the best universities, the best minds, working together, surely they can come up with some way to save something called money which is nothing more than numbers, a better fashion than making some people feel very, very unwanted in this country.

Mr. RANGEL. Have you ever, Mr. Cosby, tried to figure out in dollars and cents how much your family could have possibly received during those hard days from your Government and then in recent years how much you returned in income taxes?

Mr. COSBY. I passed that a long time ago, and I will tell you something else. I do not mind paying my taxes. One thing about being poor or having been poor is that there is a thing of you want to pay for everything now, you want everything paid for.

I had a job in our house. My job was to tell people that my mother was not home. And it was there that I hated to just owe anybody anything, even the Watkins man. You know, we owed him for the shampoo. And the man would come by and it was not anything, my mother owed him 58 cents. My mother did not drink and she did not smoke. I did not have any strange uncles in the house. [Laughter.]

I am telling you that this was a woman, this is a woman, who works very, very hard. She was not church people either. So she did not spend any money on snuff or pies for the church.

My point is that this is all very, very ridiculous. These are children that we are talking about, who come into this world that is also strange. The same people who are against abortions are also the same people who want to make these damned cuts. I do not understand their thinking. And neither do they. [Laughter.]

Mr. **Rangel**. Some people said the moral majority is neither.

Mr. Waxman.

Mr. **Waxman**. Well, Mr. Cosby, I want to thank you very much for being here, because I think you have explained things in a way that everyone can understand. Not only from your own experience, but as a celebrity, you give a visibility to these kinds of cuts.

This administration claims to be profamily, and yet they are doing more to harm the family by these budget cuts. We are talking about punishing children, who certainly have not done anything wrong because they may need to see a doctor, they may need some basic nutrition. The Government in the past has provided such benefits to needy children, and I believe it ought to continue doing so.

You are from Philadelphia, as you have mentioned. In Philadelphia, if President Reagan's cuts go through, the city will have to eliminate health services for 20,000 children and youth. That does not make any sense to me.

In North Philadelphia, the infant mortality rate is 22 per 1,000 live births. Citywide the rate is 13 per 1,000. But the infant survival rates are going to be adversely affected in both sectors of the community.

These budget cuts say, in effect, that we as a society are not even going to give our children an equal starting point in life, Poor children will be less able to fulfill themselves, to have a chance in society to become a movie actor or a doctor or a teacher or a Congressman or anything else.

I find that shocking. I think most people who realize it would say that is not what they want, that is not what they thought they were getting when they voted for Ronald Reagan. And a lot of people who voted for him are feeling very sorry they did at this point.

I do not have a question. But I do want to thank you for being here.

Mr. **Cosby**. Well, Mr. Waxman, I feel that, yes, a lot of people voted for Ronald Reagan and a lot of people still feel that what he stands for can work.

But on another level, I have this thing that keeps going around. There are two things that have to do with failure, taking the horse to water and the horse not drinking. And then there are some people who will not take the horse to the water at all. And this is the case of these particular cuts. The horse is not being allowed to go to the water at all.

As I said before, my family and I feel that, yes, we do need a great defense and we do need to be No 1. We do need to make the dollar stronger. We do need employment. We need tax cuts. I would love to pay nothing 1 year.

Mr. WAXMAN. According to our bill from last year, this may be your year. [Laughter.]

Mr. COSBY. The most important thing is I have had my wife and my children and I, thinking it over and talking it over, we feel that with all of the geniuses that are working, whether they be moral majority or again anything, let us find some people with some sense who can realize that morally we have to look at what is going on. And this is not right at all.

Mr. WAXMAN. It is not right from what they tell us they think is right, because they tell us we want to protect the family, we want a safety net to keep the poorest from being hurt. And yet despite what they say, they come in with budget policies that are going to completely destroy the opportunities for poor children.

Mr. COSBY. There is one other thing also I do not know if they are thinking about, which has to do with the future. If these lower economic people are not protected and if these lower economic people have any chance to think about what happened and now they are older, stronger people, what do they become? What hope did they have while they were coming up? And what ideals did they hear and take into themselves except a negative force, perhaps?

This is also something we can fear unless we are just ready to gun them down when they grow up angry and mentally disturbed, physically disturbed, and have no empathy at all for the country. Are we then to say that these people are ungrateful? Whose fault will it be then at that time?

Mr. WAXMAN. I think we have to ask whose responsibility it is to assure that all children get the basic necessities of life and equal opportunity to advance themselves. I am worried that the values that we are sharing with them by our example of cutting out food and health care are not the kind of values we are going to want to have repeated by them as they grow into adults who will also act selfishly and without regard for other people and their misfortunes.

Thank you very much.

Mr. COSBY. Thank you.

Mr. RANGEL. Mr. Cosby, Beverly Birns, our staff fellow pulled all this together, researched all the various committees in the Congress that have some type of jurisdiction over children's programs. George Miller comes from the Education and Labor Committee.

Mr. MILLER. Thank you very much, Mr. Chairman.

Mr. Cosby, thank you very much for your generosity in being here today to articulate your concerns and your feelings. I think maybe one of the most important aspects—two very important aspects—of what you have said is, first of all, as you described in your childhood and your family, you really described a system that allowed, that appeared to allow, that family to exist as a family. That those supports in terms of housing and health care, in terms of income supplements to the earnings your mother was working every day to provide, allowed you to stay together.

Mr. COSBY. Yes. And we wanted to get out of it also.

Mr. MILLER. Poverty is not noble?

Mr. COSBY. No.

Mr. MILLER. It does not work?

Mr. Cosby. Not at all. In the whole neighborhood, this housing project, we could not afford a telephone. We could not afford a TV set. There was one family called the Robinsons, who lived a half block away from us, and I will never forget this, and people think I am lying when I say it, there was a television set in those days—this is in the late 1940's or 1950's that you put a quarter in it and it played for an hour. And we would shut it off whenever commercials came on—which I am glad they do not do now. [Laughter.]

But the thing is that there was one telephone, and the poor person who owned that phone, I do not think they ever got a call for themselves. They had a messenger service that ran a kid down and knocked on the door, there is a call for you, come up to get the call. And nobody charged for anything.

I remember a gentleman by the name of Mr. Glover, who went into his own pocket. This man did not make a lot of money. I mean he was in the projects with us. They checked your salary before they let you move in there. And Mr. Glover started a Boy Scout troop in north Philadelphia, which was one of the funniest Boy Scout troops you ever wanted to see, because we had uniforms, and when we would go on a hike, we caught the trolley car. We rode out to the park and got off the trolley car. Then we marched around the park and then got back on the trolley car and then came back home. And that was city life for us.

I remember a camp that was sponsored by the University of Pennsylvania, called Camp Green Lane. It cost $9.50. You stayed there for 10 days. And we learned all the songs from the University of Pennsylvania and nobody knew where it was. [Laughter.]

All these things were the things that we needed but we felt good about them, to swim in a real little lake, to step on a real snake, to listen to spooky stories, things that my parents could never have afforded to do, to get a bus ride, to leave that city to go out to where there were real trees that had not been planted there.

Well, some of the things were not too good, like real mosquitos. They are healthy out there. [Laughter.]

What I am saying is these things are needed for the mind as well as the physical. My brother James died of rheumatic fever. He died in the hospital. To this day, I do not know how my mother paid the bill. But I am pretty sure that a great deal of it was done through the Government, because of our need.

Now, I am not too sure what is going to happen. You and I know very well how hard and coldblooded a big city can be. But if a child pulls up with his parents and the child is sick and this hospital or whatever area knows that the child does not have any money and it is not going or it may not be paid for, they may just turn that child away. And there we have a person who is even sicker by the time they get to someone, or dead. Now, whose hands is this stuff on?

Mr. Miller. I think the second point in your statement that I find very important is your conclusion that this is not the way America is supposed to be. This is not the way Americans believe America is.

Mr. Cosby. No.

Mr. Miller. What we are finding now is that, with a frightening pace, this is what America is becoming. We'll see the results: the increase in infant mortality, the dead babies, the mothers who do not carry their babies to term because of poor nutrition, the people who sat where you are sitting this morning telling us that hospitals will not allow the delivery of children because they are afraid they are going to need intensive care and nobody is going to pay them. So they are turning away poor families.

This is what is going on in America, and that is what America is becoming. And the frightening thing is that when you say to us that this is not the way America is supposed to be, we have the ability to just turn it around. We have the ability to feed pregnant women so that they have healthy little babies.

We have the ability to teach every kid to read, but we choose not to. We have the ability to provide recreational opportunities for children like yourself, growing up in the cities, but we choose not to. And even for those people, those governments, whether it is State or city, or charitable organizations who have chosen to help in the past, even they are being cut back. They will not be able to realize the potential of their dreams. The city that wants to make these efforts in infant health care and education will not have the necessary funds.

And so I agree with you this is not the way America is supposed to be. But unfortunately, it is what America is becoming for that group of people who in many instances through no fault of their own are born into a poor family. Children do not choose their parents. They find out when they come home from the hospital that this is a poor family, they got stuck in a poor family, and now they are finding out that America for them is closing off avenues of opportunity, even to become a plain old Penn State graduate. That avenue is being terminated for poor people.

I think it is a frightening message that you leave.

Mr. Cosby. It is a frightening message also because, as you just mentioned, with the universities where does a lower economic kid look to? If you find the kid who cannot jump, throw, run, or do something great in front of a number of people, a lower economic kid who is not in turn a genius and has public relations firms doing things for him, then where does this male or female go? Where is the hope?

I mean the child dies as well as the one who died in the hospital. As well as the one who died physically, this one dies mentally. Then America has lost another resource due to the fact that this is a lower economic person.

Mr. Miller. That is it. It is the loss of that resource, because unfortunately all bright kids are not born into wealthy families.

Mr. Cosby. Thanks a lot.

Mr. Miller. Some bright kids are born into poor families. Some stars are born into poor families and some are born into wealthy families.

Mr. Cosby. Absolutely. My IQ is higher than Mayor Koch's. [Laughter.]

I was very happy to read that.

Mr. Rangel. I could have told you that. [Laughter.]

Mr. Miller. I think it is better to have a New Yorker respond to that point.

Mr. **Guarini**. From the statement he made about the upstaters——

Mr. **Rangel**. Mr. Guarini is on the Ways and Means Committee and also on the Subcommittee of Oversight, and he is from the State of New Jersey.

Mr. **Guarini**. I merely want to thank you, Mr. Cosby, for the great concern that you show. You are a great credit to our country for taking your valuable time to come here and giving us the benefit of your experience is something we are very appreciative of.

I sit on this committee and often listen to economists talk numbers. We have it day after day, and it is really refreshing to hear someone talk about people and humanity because that is where a democracy is supposed to be at. We are a nation of people, not a nation of numbers.

They often describe Washington as being 12 square miles of fantasy surrounded by reality. I think what you have helped to do is bring a little bit of reality and commonsense to the committee hearings. And it has been very, very helpful.

I agree with you that there is no reason why the greatest Nation in the world, the wealthiest Nation the world has ever known, cannot afford to take care of its needy. It is just a very sad commentary on what is happening today to have this lack of sensitivity and this lack of compassion that now exists in government.

I think that more people like you coming forward will bring the Nation back to its good senses again. So I truly want to thank you for being here.

Mr. **Cosby**. Well, I hope so. I am not too sure. I have heard the cutters talk. There are some cold-blooded, thin-lipped people.

Mr. **Guarini**. It is going to make for some very hot summers, too, if it keeps on, because I am afraid that when people make a great deal of money, they do not put something back into the system, they are failing to take out the social insurance that they are going to need to keep what they do have.

And you know, in the old days of the Romans, they first gave the poor people bread to keep them quiet. Then they gave them wine to keep them quiet. Then they gave them circuses in the Coliseum to keep them quiet. And after that, they ran out of things.

We have got to do something for the people who are on the Wall Street level and the banking and investment people, to make them realize that we are a country of people and for them to keep what they have, they damned well better understand that they have got to put something back into the system, that they cannot keep it all to themselves.

Mr. **Cosby**. The Wall Street people, or whatever you call the economists, I am really not that concerned with them as much as I am with some folks who happen to feel that life will be a lot better if they had that dollar instead of the person who is already poor. I am talking about greed.

I am not talking about somebody who has put something together where he has said, this is the best way. I am just talking about some greedy people who for one reason or another have also been tricked. And the funniest joke of it is that this cutback has cut into some people who voted for the cutter to do the cutting.

Mr. **Guarini**. That is right.

Mr. **Cosby**. That is the one part of it.

Mr. **Guarini**. Even Wall Street is not believing it these days.

Mr. **Cosby**. That is true. So we find that everyone here feels a little bit of that whip, especially when the guy throwing it cannot hit.

Mr. **Guarini**. Let us hope that they will get some sense and we will get back on the track.

Mr. **Cosby**. On behalf of Mrs. Cosby, who sent me here [laughter] and my five children, who will be wealthier than I [laughter] as the Cosby family, we want the lower and middle income people to know that what we were, we still remember. And these cuts, we do know they hurt. Thank you.

Mr. **Guarini**. You are truly a splendid man. Thank you.

Mr. **Miller**. I would hope that one of the basic routines of stand-up comedians in comedy is to tell us about your neighborhood, your family. I think that the picture that you gave us this morning is far different than the picture that we have come to know about your family and your neighborhood. But I think it is a very, very important message. And I would hope that somehow you could lean on your colleagues to express to this country where some of their roots are in a very real sense, to help explain, because that is your business, what it means and the price that would be paid.

And, again, your generosity in coming here to share that with us is really appreciated. Thank you very much.

Mr. **Rangel**. I would like to join with Mr. Miller. You always lean on those who give so much of themselves. But if you want to find some group that is the least powerful, it has to be the kids, and especially the poor kids. Not even prisoners are as powerless as poor kids.

Mr. **Cosby**. No, because I think if this continues, you will be able to live better in Attica than out in the street if you are a poor child going from a lower-economic neighborhood. It would be better just to go ahead and get busted and eat better in prison.

Mr. **Rangel**. One forgets you are a comedian when you testify. But our committee is going into a lot of our cities, and it is not unusual for some of our older people to be asking for a little help when the winter comes. Thank you. Thank you very much.

Mr. **Cosby**. All right.

Mr. **Rangel**. Let me thank Marian Wright Edelman, who is the president of the Children's Defense Fund, for being so gracious in terms of changes in the order of the witnesses.

STATEMENT OF MARIAN WRIGHT EDELMAN, PRESIDENT, CHILDREN'S DEFENSE FUND

Ms. **Edelman**. I think we ought to close the hearing, Mr. Chairman, and get that tape and put it on throughout America, and I think maybe we will wake up the public. What Bill Cosby said was just fantastic.

I thank you for holding these hearings. I think it is absolutely wonderful that you are doing this. And I have prepared a very long, very detailed statement setting out the impacts on children and families in the area of welfare, medicaid, social services, child care, that I would like to submit for the record.

Mr. **Rangel.** I have heard and read so many of your statements. They may be long but they have never been dull. Your full statement will appear in the record.

Ms. **Edelman.** I suppose what I would like to take my full time to say that I think we can win for children in 1982. The chairman is aware of a slave woman, Sojurner Truth, who has given us new ways of looking at how we can win for children in 1982. And I just want to talk about, for a moment, four main barriers to trying to make the country aware of our own children and their needs.

One vivid image that came to me is one I would like to share. I would like to quote Sojurner Truth because she had very good ways of saying things very simply. I quote her:

> I hear talking about the Constitution and the rights of man. I comes up and I takes hold of this Constitution. It looks mighty big, and I feels for my rights. But there aren't any there. Then I say, God, what ails this Constitution? And he says to me, there is a little weasel in it.

Well, I think that this year there are a lot of big weasels gnawing away at the Constitution and at the foundation of opportunity for poor, handicapped, black, female, and other minority children that we must identify and talk about. And the first weasel that the Congress is beginning to get ahold of as he comes up here to testify is the Stockman opportunistic weasel who has tried to reduce complex human needs to paper charts and graphs and to play computer sliderule roulette with the lives of millions of children.

Although last year and this year he continues to be a master of funny arithmetic that can be twisted to support any politically exigencies of the moment, I think that the American people and certainly those of us who are in the children's community who care about the poor are beginning to realize that this weasel is a lot weaker than we are. For all of his computers, he cannot make his numbers add up to a balanced budget.

Those of us, on the other hand, who care about children and about preventive programs have the freedom and the courage to talk about cuts that he cannot talk about and that we know make more sense.

So I think the job of this Congress and those of us in the outside helping this Congress and those of you who care about children, is to help him do his job of balancing the budget by staying true to what he said he wanted to do in his Atlantic Monthly piece, which is to curtail weak claims rather than weak clients.

He has obviously done just the opposite, and in its first year this administration asked children to take more cuts than any other group in society. They took away $1 out of every $5 going to poor, abused, hungry, and homeless children, which added up to about $10 billion. And on top of this, they are coming back and asking for an additional $8 billion in fiscal year 1983.

These proposed 1983 cuts would take about one-third of title I of the Elementary and Secondary Education Act, one-fifth out of child welfare, one-fourth out of the Job Corps and Youth Employment programs, almost $5 billion more out of AFDC, food stamps, and medicaid.

And if we look at a broader range of children's programs rather than just those specific priorities of successful programs that we care about—including those programs that affects families and children—this administration is proposing a massive reduction of almost $27 billion in fiscal year 1983 alone. This includes $22 billion in new fiscal year 1982 cuts and a proposed $5 billion in rescissions from cuts in the fiscal year 1982 budget levels.

I think that we have simply got to say in this Congress and throughout the country that Mr. Stockman can no longer have his way.

The second weasel that we are very clear we have to fight is that of the Reagan myth spending weasel that has created an enormous accuracy gap in public policy decisionmaking, and the kinds of hearings you are having today begin to educate the public about what is reality. The fact is it is not welfare cheats that are the problem. People who are hungry, and many of them very young children.

But with great skill and sloganistic simplicity, President Reagan has taken a few kernels of truth and tainted a whole harvest of progress with a few anecdotes and carefully selected facts he has painted the Federal Government all bad, State and local governments all good, the private sector efficient, the Government inefficient, defense spending sacrosanct, and the domestic spending for the poor inflationary and uncontrollable.

As a result, critical national decisions affecting the lives of millions of American children now and in the future are being made without adequate debate and information and care.

We have got a job to do, and this hearing is a good start today. And we will, in countering what the President has done in his rhetoric, in preying on the fears and resentments of those Americans who want to believe that most welfare recipients cheat, they clearly do not; that most are black, they are not; and imply that if we just end abuse in these programs we will solve our economic problems.

What he has not told the public is that 68 percent of the so-called welfare cheats he is trying to rid us of are children and that 11 million children, the ones who are going to suffer from his food stamp cuts and his medicaid cuts and the human side that Mr. Cosby, I think, brought out so effectively, which is the story we have got to get across.

The other big misperception put forth to the public is one that President Reagan has caused by saying he is not really cutting social programs, that what he is doing is merely decreasing the rate of spending, rather than cutting programs.

While this is true in an overall way, it is also extremely misleading, and we are going to be making every effort, as I know you will, to begin to get out there the fact that children's programs that were cut to the bone last year are being threatened with amputation this year.

The combined cuts from last year and this year's proposed cuts in title I add up to 51 percent cut. That is hardly a reduced rate of spending. A 95-percent cut would occur in the runaway youth programs, a 44-percent cut in child nutrition and child maternal and child health. There would be a 100-percent cut in the Appalachian devlopment care funds, which includes child care for that beleaguered region.

The third weasel I want to mention very briefly and which we have been hearing a lot about and which for those of us who are child advocates it has been hard for us to come and talk about is the greedy military weasel, which can never seem to get enough.

Like every American, we are committed to a strong defense and able to respond to any external threat. But we do not equate loyalty to our national security with unquestioning acceptance of every military expenditure. And I am beginning to hear Dwight Eisenhower's quote a lot, and I would like to share it again because I think it is the central point of this year because this Congress has choices, the American public has choices, and we have got to make those choices clear.

Dwight Eisenhower said in 1953, and I quote him:

> Every gun that is made, every warship launched, every rocket fired, signifies a theft from those who hunger and are not fed, those who are cold and are not clothed. The world in arms is not spending money alone, it is spending the sweat of its laborers, the genius of its scientists, the hopes of its children.

And I have been grappling with trying, as an ordinary citizen who is not an expert on defense spending, to understand what all these billions and trillions mean. And I want to just tell you what I have tried in a new formulation and tried to understand just how much money that military weasel could possibly use.

I know you have heard it. I have been trying to figure out ways to put it so the American public could begin to understand it along with me, because it cannot quite get through my head.

But in fiscal year 1982 President Reagan budgeted and got a 20-percent increase in budget authority for national defense, which was an increase of $36.5 billion. Now, he cut domestic spending by $35 billion or just slightly less than that.

In fiscal year 1983 President Reagan was asking for another 20-percent increase in budget authority for national defense over his fiscal year 1982 level, which is an additional $44.1 billion. That $44.1 billion is almost $30 billion more than he would need to maintain defense spending at his already increased fiscal year 1982 levels, allowing for inflation.

Now, he proposes to cut domestic programs again by almost $36 billion in fiscal year 1983. Between fiscal year 1983 and fiscal year 1987, the administration's request for budget authority for national defense totals $1.7 trillion. And I could hardly recognize it when I realized that these were columns in billions rather than millions.

Since it was a little hard for me to envisage what that amounted to, I asked my data person to break that down. He asked me to imagine that I had spent, assuming I had lived from the day that Jesus was born, that I had spent $2 million a day every day from the birth of Jesus Christ until now. We would have spent a little less than what the Defense Department is being given to spend over the next 5 years—$1.7 trillion.

If instead of the President's increases in national defense spending were kept to the original fiscal year 1981 level from fiscal year 1982 through fiscal year 1987, the savings would be enough to pay off the whole Federal debt held by the public today, which is $800 billion.

The cost of the whole AFDC program that we are here to talk about today upon which 7 million poor and needy children rely, without making any of the President's cuts for fiscal year 1983 to fiscal year 1987, they total less than his proposed increase in defense for fiscal year 1983 alone.

Five years of AFDC is $36.9 billion. Put differently, AFDC, which is our only program designed to support the poorest mothers and the poorest children, costs about one-fifieth of national defense under President Reagan.

But President Reagan is proposing to cut AFDC by almost 20 percent. I think that somehow we are going to have to engage in a very fundamental decision process this year about what we are and what we value as a nation.

And we are not even talking about essential defense expenditures which is what outrages me most, because when one looks at the nonessential defense perks and looks at the essential civilian denials, I think it is time for the Congress to say, enough.

President Reagan cut, as you know, $3 million from the child immunization programs, which eliminated immunizations for 75,000 children at risk—next year he is proposing to cut $2 million more—at the same time that the Defense Department is spending $1.4 million on shots and other veterinary services for military personnel pets.

Now, the animal lobby is beginning to get on me, and I want to be clear. I am not against veterinary services for pets of military personnel. I simply think they ought to pay for them themselves. And let us return that money to the Treasury and support immunizations for 35,000 low-income children instead.

We took away $15 million from poor schools and poor neighborhoods and child care centers providing hot lunches for children at the same time as we left in $58 million for the Army to give away free equipment to defense contractors. The $58 million is about enough to take care of the entire summer school program that the administration is proposing to eliminate.

I think that we really have got to force the administration before this Congress cuts another dime from programs for homeless, handicapped, and poor children, to look over their nonessential expenditures, because the kind of examples we have given, and there are many more in our budget analysis, are, in our view, only the tip of the iceberg.

The last two weasels I want to talk about very briefly, obviously, are what we call the congressional and Governor waffle weasel, that we have to watch at all times. I think the children's people are beginning to grow up and understand the need to provide a strong political voice for children, because we understand that the only way in which the Congress and the Nation's Governors and State legislatures are going to do what is best is by having a strong view out there and a strong constituency for children. And we are committed to help build that this year.

You have been asking about the churches. I think the churches and the religious community are absolutely critical and we have not heard enough from them in the last decade on behalf of the poor. I think that the bystander weasel in all of our communities is perhaps the most dangerous weasel of all and that Albert Einstein was right when he said the world is in much greater danger from those who tolerate evil than from those who commit it.

One of the things I think we really do have to do is to convince the American public and individual citizens that they can make a difference. I think that President Reagan, who lost an opportunity to help us move ahead as a nation positively, will force us through the kind of negative war on children, on the poor and the handicapped and the weak ones in our society, to get ourselves together, to begin to exercise our citizens rights, because he is trying to take the Nation down a path that will shape or reshape the national character for many decades to come.

We have been groping for many decades in our social programs with children of poor mothers toward a national floor of decency. He is trying to wipe that out overnight. I am encouraged by what I see as a growing response in the church community. Too late, too little, but I think it is there.

I just want to report on one positive thing because this week we are launching an effort called child watch. We had our first national conference last week, where we had hundreds of people come from around the country, very different kinds of people, from the junior league to church people to public officials who are now sitting down in the room with people like us whom they viewed before as too radical to sit down with. But we were all being forced because of the broad cuts in children's programs to reassess what we have in common.

Child watch is a public educational and citizen involvement project designed to monitor what is happening to children in many communities throughout the country. The Association of Junior Leagues will be carrying out child watch projects in at least six locations.

But most important, in terms of your question, Church Women United are joining in, as well as United Methodist Women, Lutheran Church of America, the YMCA, the National Council of Negro Women, the National Association of Education of Young Children, the National Council of Jewish Federations, and a number of others.

I have been very pleased by the interest in child watch. Again, I think if we can get this kind of leadership from the churches, we can stand up and say, listen, we are not for this country having children die because they are poor. I think we will begin to turn it around. I think I am beginning to see movement that I hope you will find encouraging.

As Martin Luther King, Jr., used to say, "churches rather than being a headlight have instead been a taillight." But I hope they will be able to catch up now to where the country has to be if we are going to maintain our basic commitments to basic principles.

So we are going to be doing what we are calling children's sabbath the second Sunday in June at the Washington Cathedral. There will be a major national service for children.

We hope that churches throughout the country will be doing similar observances because our principal task is not only to get out the facts to document the impact, but it is to really put human beings, children, mothers, behind those callous numbers of Mr. Stockman, so that we know what we are voting on when we vote.

So I look forward to working with this committee. I am grateful for your having these hearings. We would be delighted to give you all the hard, dull facts that are beginning to come in. But I think it is the people and more and more witnesses like Mr. Cosby and the mother this morning on WIC that I think are going to turn this thing around.

I thank you.

[The prepared statement follows:]

Statement of Marian Wright Edelman, President, The Children's Defense Fund

The budget battle in 1982 is a battle for a fair and decent America. It is a battle about whether we will continue to invest federal dollars in the young, in families, in the needy, and in working men and women or whether we will invest in the rich and in more and more arms, which leads us down the path of economic and moral bankruptcy. It is a battle about whether we invest in human capital--new generations of healthy, well-educated, productive citizens--or whether we choose short-term profit and easy political fixes. It is a battle about who and what we Americans are as a people and as a nation.

It is our strong view as a Children's Defense Fund (CDF), based upon the unfair impact of the FY1982 Budget and the faulty premises undergirding the FY1983 Budget, that not another dime should be taken from programs for poor, handicapped, and homeless children or their families. Nor should another minute be diverted into a "New Federalism" debate when 9-1/2 million Americans are out of work and millions of others are going without the basic necessities of food, energy, housing, and health care.

There may indeed be a time for a thoughtful federalism debate; but this is not it. The Reagan proposals cannot be tinkered with, refined, or fleshed out. They should simply be rejected as unjust and unworkable. Their goal is *not* to help people *or* to increase government effectiveness, but rather to cut dollars without regard for human consequences.

We have just published *A Children's Defense Budget: An Analysis of the President's Budget and Children*. In it we have tried to assess the impact of the budget cuts and program changes made last year on children and families; and to provide a realistic assessment of what the new Reagan proposals would do to the most vulnerable groups--children, the poor, minorities, the handicapped--in our society.

We found that a group of critical children's programs were cut by $10 billion in FY 1982. President Reagan is proposing to cut an additional $8 billion in FY 1983. The proposed FY 1983 cuts include a one-third cut in Title I, the education program for disadvantaged children; a one-fifth cut in the child welfare programs which provide homes for homeless children; a one-fourth cut in job corps and youth employment programs; and almost $5 billion in AFDC, Food Stamps and Medicaid. If we look at a range of programs that affect poor, handicapped and homeless children and their families proposed reductions total a massive $27 billion in FY 1983 alone. This includes $22 billion in new FY 1983 cuts and a proposed $5 billion in rescissions from enacted FY 1982 budget levels. (Attachments A and B summarize these cuts.)

The President's proposals for additional cuts in crucial family support programs come at a time when all the signals our economy is sending tell us this is the time to *invest* rather than turn our backs on children. Spending billions more on weapons of death at the expense of tools of life for children and families is not the road to peace, stability, growth and productivity, either within or without.

In 2010--28 years from now when many of us in our late thirties, forties, and fifties, will be moving toward or be of retirement age--there will be more elderly people per worker and fewer children as we become an increasingly aging society. Each worker will become more important as fewer become available to support more older dependents. That potential 2010 worker was recently born or is about to be born.

- 1 in 5 of them was born poor and 1 in 4 will depend on the AFDC program we are cutting to the bone at some point in his or her lifetime.
- 1 in 2 will grow up in a family where all parents work and often face inadequate, even harmful child care arrangements. We are cutting child care.
- 1 in 3 has never seen a dentist, and 1 in 7 lacks access to preventive health care. Their numbers will grow, along with costly remediative medical costs, as a result of short-sighted cutbacks in Medicaid, maternal and child health, and community health centers.
- 1 in 4 will drop out of school before they graduate and will not be able to read and write and compute well enough to read the want ads or fill out the applications for the rapidly shrinking number of unskilled jobs. Millions more are going through an education system that has not prepared itself to respond to the new demands of an information economy and increasingly competitive world.
- 1 in 2 will grow up in single-parent families, one-third of whom will be poor. But these are the families President Reagan is beating into the ground through severe across-the-board cuts in Medicaid, AFDC, food stamps, energy and housing assistance, child care, and jobs.
- Almost 600,000 a year are being born to teenaged mothers, many of whom have gone without prenatal care which greatly increases the likelihood of producing babies of low birth weight or with birth defects.

Yet we are slashing the family planning funds needed to avoid more pregnancies, and the support services to help them remedy their mistake and avoid lifelong dependency.

- 500,000 are going unnecessarily homeless, in costly foster and institutional care, denied the nurturance and family stability that every child deserves. And President Reagan would cut new protections and funds to help them grow up in a family.

These Reagan policies will cost billions in future remediation (medical costs, foster and institutional care, court costs, jails); in services (welfare dependency, social services); and in lost productivity (joblessness, untrained minds and unhealthy bodies). And they will cost us more than we can measure as we stray from our historical path of becoming a decent and disciplined society.

Mr. Chairman, as you requested, what I'd like to focus on in my testimony today are the effects of the 1982 budget cuts and implications of the 1983 proposed cuts for the millions of children and families whose very health and survival depend on the decisions Congress will make this year with regard to AFDC, child welfare and social services.

AID TO FAMILIES WITH DEPENDENT CHILDREN
(AFDC)

I would like to first address briefly the impact of already enacted and proposed cuts in the AFDC Program on the children and working families depending on this program for basic survival.

I would like to emphasize three points to this Committee regarding AFDC.

First: AFDC children are desperately needy and have already been severely hurt by the AFDC program's failure to keep up with inflation.

Aid to Families with Dependent Children (AFDC) is the only program explicitly aimed at protecting poor children by giving their families basic income support. Sixty-eight percent of all AFDC recipients, or over 7 million persons, are children. Half are white. Half are eight years old or younger. The remaining 3.5 million are primarily the sole parent living with children in single parent families. One out of every eight children is depending on AFDC for survival right now. One out of four will depend on AFDC at some point in their lives.

In most states AFDC benefits are intolerably low, failing to provide even a minimum level of decency. Twenty-two states provide maximum benefits of less than $285 a month, (less than 50% of the poverty line), to a mother and two children with no other income. In Mississippi, the average payment for a child is $.99 a day or $30 per month; in Texas it is $1.19 per day or $36 a month. The nationwide high is $4.21 per child per day. States set these benefit levels. By contrast, the average monthly payment for a disabled child under the SSI program, where federal law sets benefit levels, is $7.35 per day or $229 per month.

According to a recent report by the Center on Social Welfare Policy and Law, even when minimal AFDC benefits are combined with Food Stamp benefits the levels in all states but Alaska fall short of even the meager poverty level, and in over half the states they are less than 76 percent of the poverty level. Only six states provide AFDC benefits which bring the combined AFDC/Food Stamp benefit level to 90 percent or more of the poverty level.

The harm to individual children is intensified by the fact that AFDC recipients get no automatic cost of living increases, and state AFDC payments have generally not kept pace with inflation. The average AFDC recipient now gets $3.27 per day, a decrease from the comparable $3.85 per day in 1976, when cost of living is taken into account. Between 1976 and 1980 the average AFDC child lost--in purchasing power--over one dollar out of every eight received from AFDC.

Between 1975 and 1981, according to the same study by the Center on Social Welfare Policy and Law, the gap between benefits and the poverty level has grown significantly wider because benefit levels have almost uniformly failed to keep pace with cost of living increases. During this period the official poverty level increased by approximately 67 percent while the Consumer Price Index rose 73.4 percent. AFDC benefit levels in thirty-three states increased by less than 40 percent, and in 13 of these states benefit levels increased by less than 10 percent. In fact, in two states, Arkansas and Oregon, benefit levels decreased below 1975 levels.

Examples for individual states highlight disparities between increases in benefit levels and increases in the poverty levels:

- AFDC benefit levels for a family of three with no other income increased less than 5 percent in eight states, Arkansas, Idaho, Kentucky, North Carolina, Oregon, Texas, Virginia and West Virginia,between 1975 and 1981.
- In the state of Texas, the current benefit level of $118 a month has only increased $2.00 or 1.72 percent since 1975. Even when Food Stamps are added the combined benefit level is only 51 percent of the federal poverty level.

Second: The FY 1982 changes in the AFDC Program devastated children and parents trying to work their way out of poverty.

Federal funds for the $8 billion AFDC Program were slashed by slightly over $1 billion in FY 1982. Combined with state matching funds, this resulted in a reduction of almost $2 billion in money available for income supports to poor children and their families. Congress adopted virtually all of the Administration's proposals for changes in the program, although some proposals were made optional for states instead of mandatory. The AFDC changes adopted include a number that jeopardize children and penalize the working poor -- the very people the Administration announced it wanted to help.

The Department of Health and Human Services itself estimated that at least 660,000 families, including over 1 million children, were expected to lose AFDC or to receive reduced benefits as a result of the cuts. In about half the states, over one out of every five AFDC families was expected to be hurt by the changes.

Individual states are just now beginning to gather specific data on the impact of the implementation of specific changes in the AFDC program on recipients in their states and counties. The state of Ohio, for example, has recently documented through a case-by-case review of its 210,819 Aid to Dependent Children (ADC) cases, that the federal changes in the ADC program have directly affected 71,238 individuals in the state, approximately two-thirds of them children. Over 14,000 families have been removed from the rolls, and almost 3,000 families seeking to establish ADC eligibility have had benefits denied. In Ohio, these families, like families in 19 other states who lose ADC, will also lose their Medicaid eligibility. It is also pertinent that in Ohio, a state faced with an increasing unemployment rate, over 25 percent of the terminations and reductions were attributable to the ADC changes most likely to affect working families.

In the state of Mississippi, since October 1, 1981, 9,000 of the state's 12,000 AFDC mothers who were working at least part time have been cut from the AFDC rolls. Their 20,000 children have lost eligibility for Medicaid and are being denied basic health services. In California it is estimated that 122,000 cases, often including a mother and two children, will lose their AFDC benefits, and 329,000 will receive reduced benefits. Over half of those who are terminated will be cut off because their income exceeds 150 percent of the state's standard of need, $506 a month for a family of three with no other income.

The following specific changes are among those that have resulted in hundreds of thousands of families nationwide being cut from the rolls:

- Families are now ineligible for AFDC if their gross income, including earned income excluded under the earned income disregards, exceeds 150 percent of the standard of need in the state where they live. All states have standards of need that fall well below the poverty line. In fact, in many states an income equal to 150 percent of the standard of need would still be below the poverty line. In states like Mississippi, mothers with two children working more than 23 hours a week at the minimum wage are ineligible for AFDC because of the 150 percent cap.

- First time pregnant women are only eligible for federally reimbursed AFDC beginning in their sixth month of pregnancy. No federal assistance will be provided for benefits for the unborn child. As of October 1, 1980, 29 states provided AFDC coverage to first time pregnant women prior to their six month of pregnancy, many of them from the point pregnancy was medically verified. At least 12 states also covered the unborn child. Although some states have chosen to continue to assist these women pregnant for the first time with state funds, others have dropped coverage.

- A stepparent's income must now be counted as income available to an AFDC child -- even if it is not -- in determining AFDC eligibility and benefit levels. Previously states could not count a stepparent's income as available to a child unless the stepparent was actually contributing to the child's support or under state law had a legal obligation to support the stepchild. This change has resulted in Ohic, for example, in terminations or reductions in benefits for over 58,000 families, over 100,000 children.

  Such a provision may encourage the breakup of intact families. For purposes of AFDC eligibility and payments a child may be presumed to be receiving support from a stepparent when in fact he or she may be receiving nothing. In such cases a mother might in fact be better able to care for her children living apart from her husband.

Third: This year's proposed changes in the AFDC Program cut deeper into the working poor, reduce state flexibility in administering work requirements, and hit hardest at the poorest of the poor.

We have three basic concerns about this year's proposed changes:

- they penalize the poorest of the poor;
- they attack children and families under the rubric of "administrative" savings; and
- they further discourage families struggling to work their way out of poverty.

As if AFDC children have not already given enough, this year the Administration seeks an additional $1.2 billion in AFDC cuts for FY 1983, a real cut of over $2 billion when loss of state matching funds is included.

1. The changes proposed for FY 1983 hit hardest at the poorest of the poor, removing any vestiges of the Administration's "safety net." AFDC families already live from crisis to crisis. As mentioned earlier, in most states AFDC payments are intolerably low, failing to provide even a minimum level of decency. Any extra need beyond a family's control -- a high utility bill in an unusually cold winter, a fire in the apartment, or theft of a family's belongings -- creates a crisis which the AFDC grant is simply inadequate to meet.

The Administration is proposing to eliminate the "safety net" programs Congress has established to help cushion the impact of these emergencies by:

- eliminating the Emergency Assistance program. At their option, states can currently provide emergency assistance once a year to families in crisis (for example, paying for replacement bedding if the family has lost its furniture in a fire). Half the states now participate. This program would be abolished, and the only way states could provide emergency assistance would be through a "broadened" energy assistance program -- which the Administration proposes to cut by $565 million in FY 1983.

- requiring that part of the value of low income energy assistance grants be counted as income in determining a family's AFDC benefits. Low income energy assistance grants were established to meet the emergency needs of the poor, whose ordinary income, including AFDC grants, was inadequate to meet the soaring costs of heat and electricity. Just last year, natural gas, the primary heating source for low income people, increased in cost by twenty percent. AFDC grants did not. Between 1980-81, five states actually lowered their benefits. Michigan recently joined their ranks. In many other states grants have remained at previous years' levels. By requiring that low income energy assistance be offset, the basic goal of the energy assistance program, to help poor people whose income cannot keep pace with inflation in energy costs, would be defeated.

Without these two safety net programs, it is difficult to know how AFDC families can meet family crises with dignity and health.

Moreover, the Administration is proposing to penalize the poorest of AFDC families by depriving them of the benefit of any economies they may be able to achieve. The Administration proposes to reduce shelter and utility allowances to AFDC families who have chosen to share housing with other families, based on the Administration's assumption that they no longer need the full amount of shelter and utility assistance available to a family of their size. In fact, the opposite is often the case: welfare families often share housing space precisely because the current full grant for housing and utility costs, which virtually no state has adjusted to reflect inflation, is inadequate to provide even minimally safe and decent housing without sharing space with other families. In Dallas, for example, the average cost of a two-bedroom apartment is $250 per month. The maximum AFDC grant for a family of four in Texas is $141 per month. By proposing to reduce shelter costs for families who share space, the Administration penalizes those families who are least able to afford separate housing. And it penalizes parents desperately trying to economize in one area in order to stretch their check to meet children's needs in others -- for clothing, food, furniture, school supplies, or transportation.

Poor families have already given enough without being forced to donate their safety net to this year's budget.

2. Even budget cuts described by the Administration as "administrative savings" in the AFDC program will have a devastating effect on poor families. These proposed changes include:

- requiring states to round benefits to the lower whole dollar. Presently, states can "round up," giving families the benefit of the doubt when grant calculations come out to a dollar and change.
- prorating the first month's benefit based on date of application.
- reducing federal matching funds for erroneous benefit payments. States will be penalized by loss of federal matching funds for errors in excess of 3 percent of their AFDC caseload. By 1986, they will be expected to have a zero error rate.
- combining administrative costs for AFDC, Medicaid, and Food Stamps.

While these savings are described as administrative, again those who bear their brunt would be children and families. Meager benefit levels would be severely threatened by fiscal pressures on state budgets which would be caused by these proposed administrative changes.

Some of the changes also directly penalize families at a time when they are most in need -- for example, the requirement that states prorate the first month's benefit based on date of application. States are now allowed to pay benefits back to the first day of the month of application. Under this proposal, states would be required to give a partial grant for the first month, prorated to reflect the date of application, even though a family may have been without income for the entire month and desperately needs a full month's grant.

3. The proposed cuts further penalize families struggling to work their way out of poverty. The Administration proposes to mandate workfare programs rather than to leave implementation of such programs to state option. At the same time, the Administration proposes to eliminate funding for the Work Incentive Program (WIN), the only present source of job counseling, training, placement and support services for AFDC recipients struggling to find permanent employment. The workfare proposal limits states' flexibility to design work programs which best meet their recipients' needs: last year's amendments gave states the option of choosing among three new work-related options, and the current WIN program. This proposal would limit that flexibility the Administration thought so important last year. At the same time, it would do away with the funding for services many recipients need in order to become self-supporting.

CHILD WELFARE

Children who have been separated from their families because of the failure of basic family supports are also severely threatened by the Administration's FY 1983 Budget proposals. I would like to highlight several points today about the Administration's Child Welfare proposals.

First: Despite its rhetoric about protecting the truly needy, the Administration is bent on hurting homeless children.

There are over one half million children in this country who have been separated from their families and are living, often at great distances from their families, in foster family homes, group homes and child care institutions. There are hundreds more children at risk of entering out-of-home care each day.

Over the last five years many members of Congress, including members of this Committee, have had an opportunity to hear first hand about the child welfare system's failures on behalf of these children. Adoptive parents, foster parents and other child advocates, state and local officials, and child welfare professionals all described the same problems: too many children enter foster care unnecessarily, linger indefinitely, often in inappropriate placements, and are denied permanent families either through return home or adoption. These same problems were identified in major national studies, like CDF's Children Without Homes, and in studies and exposes in individual states--California, Florida, Illinois, Ohio, New York, North Carolina, and Pennsylvania, to name only a few. Federal audits and

General Accounting Office reports also stated that children in care were often placed inappropriately and left to remain there for years, often at federal expense. The evidence was clear. An anti-family bias was evident at all points in the placement process. Throughout the country these children were victims of gross public neglect by state and local governments.

Congress realized that federal reforms and strong federal leadership were vital to protect these most vulnerable children. Support was overwhelming. H.R. 3434 passed the House of Representatives by a vote of 401 to 2, and received significant bipartisan support in the Senate.

As enacted, P.L. 96-272, the Adoption Assistance and Child Welfare Act of 1980, gives the over one half million homeless children and the thousands entering care each month the hope of permanent families, their own or adoptive ones. It encourages the development of homemaker services and other services to keep children at home, and provides federal funds for adoption subsidies to assist with the adoption of children with mental, physical and emotional handicaps and other special needs. It also ensures the development of a range of procedural safeguards to protect children from entering care unnecessarily, provide quality care for children who must be placed, and to ensure that children have case plans and periodic case reviews so that they are returned home or moved toward new permanent adoptive families in a timely fashion.

Despite the fact that this Act provides significant protections for needy children, who too frequently have no one to speak on their behalf, this Administration last year proposed eliminating the Act and including the Title IV-B Child Welfare Program and the Titles IV-A and IV-E Foster Care and Adoption Programs addressed by the Act in the Social Services Block Grant, leaving the future of these truly needy children to the same states that just a year earlier had been accused of severe neglect on their behalf. Congress last year recognized these half million children as truly needy and defeated the Administration's proposal to repeal the Act. P.L. 96-272 remained intact in the budget reconciliation process, and both foster care and adoption assistance were maintained as entitlement programs. Yet in its FY 1983 Budget the Administration has again proposed including the child welfare services, foster care and adoption assistance programs in a block grant, effectively repealing P.L. 96-272.

Second: The Reagan Administration's FY 1983 proposal for a Child Welfare Block Grant ignores the fact that P.L. 96-272 was designed to strengthen families and to ensure the most cost-effective use of public dollars.

The Adoption Assistance and Child Welfare Act of 1980 attempts to redirect federal fiscal incentives away from out-of-home care and to encourage states where possible to preserve families, or when placement becomes necessary, to move children quickly into permanent families through return home or adoption.

The reforms in P.L. 96-272 not only benefit children but are cost-effective. By discouraging the unnecessary placement of children in foster care settings that can cost as much as $60,000 per year, and encouraging the growth of alternatives that keep children in the home, P.L. 96-272 can lead over time to significant cost savings. Indeed the Department of Health and Human Services estimated, upon enactment of P.L. 96-272, that the law would save over $4 billion in out-of-home care costs over the next five years by reducing the average number of children in care by 30 percent.

There is evidence from a number of states and individual programs that the reforms anticipated by P.L. 96-272 will result in increased efficiency at the state and local levels and in long range cost savings. Savings will be realized when the costs of implementing services to prevent placements and reunify families and adoption subsidy programs are contrasted with the costs of leaving a child to grow up in foster care. Consider just a few examples.

> New York -- The Assistant Commissioner for Social Services for New York City testified before the Congress three years ago that services to prevent family break-up could be provided at a cost less than half of that required to keep a child in foster family care for only one year.
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> Washington -- In 1977 Washington State passed legislation mandating crisis intervention services for "families in severe conflict." About 40 percent of these services were delivered to the entire family in their own home. State officials estimate that the legislation and an increased emphasis on finding permanent homes for children saved the state about $2 million in a six-month period alone.
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> Iowa -- During a three year period ending in November 1978, the State of Iowa'a Department of Social Services ran, in a seven county district, a group of preventive services programs for children who had been determined to need institutional care. The services were delivered to families in their own homes, and resulted in an estimated savings of over $1 million.
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> California -- San Mateo County's efforts to implement reforms similar to those in P.L. 96-272 resulted in a 33 percent reduction in their foster care caseload during a three year period from 1977 to 1980. Such a decrease is particularly significant when

contrasted with the fact that during that same period protective services complaints increased 46 percent in the county.

Pennsylvania -- An "Agressive Adoption" program instituted in Cumberland County resulted in the total number of children in foster care being cut in half in a five-year period, with an estimated savings to the county of over $600,000 when contrasted with direct expenditures for maintaining those children in care.

Minnesota -- Minnesota currently has over 208 children in adoptive homes who are receiving adoption subsidies at an average cost to the state of $140 a month, a significant savings when contrasted with the average foster care costs for these same children which averaged $400 a month.

California -- One thousand and fifty six children in Los Angeles County who had been in foster care were adopted during 1978-1980, and estimates of first year savings to taxpayers from the placement of these children was over $14 million.

Significant savings are evident too when you contrast the costs of the alternative services with the costs to the state when children who have been harmed by the foster care system end up spending their lifetime in institutional care. Experience in California has shown that half of the children who enter care at age 7 or 8 and grow up there can be expected to spend at least half of their adult lives in other institutions at a cost to the state for each of them of $25,000 - $30,000 per year. Data from a limited survey in New York City revealed that nearly half of the abused and neglected children studied later re-entered the system as delinquents or status offenders.

The evidence is clear that the reforms encouraged by P.L. 96-272 and implemented, at least in part, in a number of states are directed toward permanent families and are cost-effective as well. The Reagan Administration proclaims budgetary wisdom but in proposing the Child Welfare Block Grant ignores findings like those just described that public dollars used to keep families together or to move children into permanent adoptive families are more cost-effective in the long run than placing or leaving children in out-of-home care.

Third: The Reagan Administration's FY 1983 proposal for a Child Welfare Block Grant will effectively repeal P.L. 96-272 and deny needy children their entitlement to foster care and adoption assistance.

In its FY 1983 Budget proposal, the Administration has proposed, once again, to include the child welfare programs in a block grant. The Child Welfare Block Grant would include the Title IV-B Child Welfare Services and Training Programs, and the Titles IV-A and IV-E Foster Care and Adoption Assistance Programs addressed by P.L. 96-272. Funding for the block grant would be limited to $380 million for FY 1983 and thereafter. This limit would eliminate a needy child's entitlement to basic foster care and adoption assistance. Although the Administration asserts that the block grant would allow states additional flexibility to provide alternatives to foster care, in fact, $380 million is approximately the amount of federal funds estimated to be necessary for foster care in FY 1983. Further, the $380 million level is over 22 percent below the current funding levels for these programs and 46 percent below the funding levels originally anticipated in P.L. 96-272 for FY 1983, which are essential to move toward the family permanence homeless children need.

Passage of any child welfare block grant would effectively repeal P.L. 96-272. States would no longer be given fiscal incentives to develop protections for individual children in care, such as case plans and periodic case reviews, or to ensure that children receive quality care and permanent families. Incentives for the states to develop cost-effective programs to keep families together and to reunify families that are separated would be eliminated, as would incentives for the adoption of special needs children.

It is especially tragic that this proposal to eliminate efforts to significantly strengthen our nation's child welfare system comes at the same time that other cuts of at least $2 million in the State grant portion of the child abuse program, $1.2 billion in AFDC, $2.1 billion in Medicaid, $2.4 billion in Food Stamps, and $426 million in the Social Services Block Grant are being proposed. If these cuts are accepted by the Congress, basic family supports will be further undermined, forcing more and more families to turn to the child welfare system for help as a last resort. Yet if the reforms in P.L. 96-272 do not go into effect, an opportunity to turn around the damaging practices of a $2 billion foster care system in this country will be lost. It will be business as usual. Homeless children, the truly needy, will continue to be hurt.

SOCIAL SERVICES

At the same time the Administration is slashing away at the only federal program which protects children through basic income supports and is threatening the programs and protections offered children most at risk in the child welfare system, the Administration has proposed still deeper cuts in the Social Services Block Grant out of which states finance a range of supportive services programs for needy children and their families.

Although I am going to spend most of my time today talking about the impact of existing and proposed cuts on child care, I would like to first make a couple general comments about the Administration's attack on the social service programs. First, if the Administration's proposed FY 1983 cuts in the Social Services Block Grant are approved by the Congress, the program will be funded in FY 1983 at $1.9 billion. This is more than $1 billion, or 36 percent, below its FY 1981 funding level. Yet by cutting back on funding for crucial family support programs, the federal government is forcing states to bear the burden of significantly increased long term costs for some families. For example, the support services provided under the Title XX program, while never sufficient, have kept some families intact and prevented the need for more costly out-of-home care for their children. Title XX funds have also contributed to the development of community-based treatment programs for emotionally disturbed children and other children with special needs, thereby averting their need for more costly institutional care. The proposed $1 billion reduction in the Social Service Block Grant is part of the Administration's concerted attack on a range of cost-effective preventive service programs in the areas of health, social services and child welfare.

Second, as I will describe in more detail, the proposed reduction in the Social Services Block Grant is totally inconsistent with the Administration's professed desire to get more people working. Such a reduction in funding, particularly when coupled with the 22 percent reduction experienced for FY 1982, would undoubtedly have a severe impact on the availability and quality of child care for parents who are already working, in training, or waiting for work. Further, at the same time the Administration is talking about mandating workfare for all AFDC recipients, it is also eliminating the WIN program, the only source of counseling, training and job support services for AFDC recipients, and suggesting to states that these crucial job-related support services can be funded under the Social Services Block Grant.

With the above points as a context, I would now like to discuss in more detail the impact of what has occurred and what is proposed on child care.

Child Care

There is no federally supported service more closely bound up with the ability of parents to work and support their families than child care. Our failure to respond to the need for child care puts the most vulnerable families in our society in the position of making an impossible choice: between leaving their children in inadequate, even harmful child care arrangements; and simply not working and depending on the public dollar for survival.

The supply of child care lags so far behind need that as many as 6 to 7 million children 13 years old and under, including many preschoolers, may go without adequate care while their parents work.

The so-called typical American family--two parents, a male wage earner and a mother who stays home to care for two normal children--describes only one out of every 21 American families today. The majority of America's children are growing up in families where all parents in the home work:

- 42 percent of mothers with children under age three are in the labor force.
- 54 percent of mothers with children between ages three and five are in the labor force.
- By 1990, about half of all preschool children, or about 11.5 million, will have mothers in the labor force, as will about 17.2 million or 60 percent of school-age children.

For many children in one-parent working families, the need for child care is especially critical. Over one-third of these families, most often headed by women, live below the poverty level.

The need for infant care is steadily climbing. At the other end of the spectrum, the lack of after-school programs leaves millions of school-age children as young as six years old waiting up to four hours a day in empty homes or in school yards until parents return from work.

What Federal Programs Exist and Who Benefits?

A dismal picture emerges for low-income children when the expanding need for child care is juxtaposed against severe cut-backs in federally funded child care programs. Most affected by the budget ax are those children living in poor working families or whose parents are in school or training, trying to get the skills to break the cycle of welfare dependence. Major federal child care programs include:

- Title XX of the Social Security Act, which subsidized care in licensed centers and homes for approximately 750,000 low-and moderate-income children at a cost of $650 million in FY80. The Omnibus Budget Reconciliation Act of 1981 amended Title XX, reducing funding from $3.1 billion to $2.4 billion and eliminating a special $200 million earmark for child care that was 100 percent federally funded. It also eliminated the requirement that states supply $1 for every $3 in federal money.

- Head Start, primarily a part-day program, offers educational, nutritional, medical, and social services to 372,000 low-income children and their parents. It cost $820 million in FY81.

- The Child Care Food Program, enacted in 1975, reimburses child care centers, family day care homes, and after-school and Head Start programs for meals and snacks. It served over 725,000 low- and moderate-income children and cost approximately $351 million in FY81.

- The AFDC Child Care Disregard, which compensates AFDC families for their child care expenses up to $160 a month per child. In 1977, it served an estimated 145,000 children at a cost of $75-$100 million.

- The Child Care Tax Credit, originally enacted in 1976, provides a federal income tax credit for taxpayers who require child care for their dependent children in order to work or seek employment. The credit, which represents the single largest federal child care expenditure, is currently claimed by 3.8 million families, mostly middle- and upper-income. The tax credit

> cost the federal government approximately $1 billion in 1981. Until passage of the Economic Recovery Tax Act of 1981, the maximum credit was 29 percent of expenses up to $2,000 for one child or $4,000 for two or more children. The Tax Act provides a sliding scale beginning at 30 percent for those earning $10,000 or under a year, leveling out at 20 percent for incomes of $28,000 per year and up. The maximum amount of expenses against which the credit can be taken has been increased to $2,400 for one child and $4,800 for two or more children. Because the credit is not refundable, people whose incomes are too low to owe any income tax cannot benefit from these expanded credit provisions.

What Impact Will the FY 1982 Cuts Have?

An estimated 150,000 families will lose Title XX funded child care services. Parents trying to work and get off welfare will be undermined as children living in poor working families will be the first excluded from Title XX services.

Previously, eligibility for free Title XX services was restricted to families with incomes of less than 80 percent of the state's median income, with some partial subsidies for families up to 115 percent of the state's median income. Many states have responded to reduced federal social services dollars by lowering the income eligibility criteria for child care:

- o Pennsylvania has changed eligibility criteria so that families with incomes over 90 percent of the state median income cannot enroll their children in state-supported child care programs even if they agree to pay the full fee.

- o In Washington state, working families earning above 38 percent of the state median income ($773 a month for a family of four) are no longer eligible for subsidized child care.

- o Rochester and Syracuse, New York, will no longer provide child care subsidies to new income-eligible families. In Albany, parents earning $8,000 a year must pay $16 a week (or $800 a year) for child care. One Albany single mother who is losing the child care subsidies for her two children asked: "Why are they doing it to day care centers, I don't understand. They've helped a lot of single working parents."

- One-third of the 300 families who received Title XX reimbursement in centers connected to Central Child Care of West Virginia are no longer eligible because of stiffened eligibility guidelines. To remain eligible for subsidized child care, many desperate parents have asked for reductions in already minimal salaries.

Many working mothers will have to uproot their children and search for cheaper, less desirable care. Many states will make less money available to monitor or maintain minimal child care standards. Many are already reducing their standards that child care programs must meet. As a result, children will suffer as parents shift them from stable and familiar arrangements to less adequate and sometimes even harmful arrangements:

- One New York mother has arranged to have her child's grandmother, who works a night shift, care for the child during the day.
- Reports come from child care providers in Des Moines, Buffalo, and other cities of increasing numbers of latchkey children without after school care.

Because of decreased funding many child care providers may find it impossible to maintain their programs unless they can attract and charge higher fees to middle-income families. When hard-pressed middle-income families find the increased costs too burdensome, more centers may be forced out of business because of the decreased demand for services. Among the cutbacks that will increase pressure on child care providers and parents, in addition to those already described, are those in the following programs:

Child Care Food Program. Reductions of 30 percent in the Child Care Food Program will lead to increased child care fees for poor parents, to a decrease in the number of children covered by child care services, or both.

AFDC. Child care deductions for working mothers on welfare have been limited to $160 per child per month. AFDC workfare programs may divert child care resources away from AFDC and other low-income mothers already working who need publicly supported child care to continue working. If states try to spread their resources thinner to meet the additional demand for child care that work programs create, it could result in child care of dubious quality, given by untrained, poorly paid providers. For example:

- In Massachusetts, the Department of Social Services has eliminated one-third of its preschool child care slots and replaced them with slots for school-age children. Priority for these new school-age slots will go to mothers on welfare who are enrolled in a WIN work demonstration project (another work program under AFDC)and to mothers who have lost their welfare benefits entirely. The state has given the lowest priority to children of AFDC recipients who work, go to school, or are looking for work. Meanwhile, the Welfare Department, which runs the WIN demonstration project, has issued a letter stating that replacements for the preschool slots should be 55-cents-an-hour babysitters paid for by the Department of Social Services. This low rate will make it extremely difficult to find adequate quality child care. Further, the Welfare Department has stated that it plans to use many of the women who participate in the WIN work project to provide home-based family child care, but has not released plans to train these women or to supply them with the support child care providers need.

CETA. Elimination of the Public Service Employment component of CETA has caused thousands of child care programs to lose child care workers, secretaries, and bookkeepers, which they are hard pressed to replace.

Child Care Tax Credit. While Congress cut direct child care subsidies for lower income families, it simultaneously helped middle- and upper-income families by increasing the benefits available through the Child Care Tax Credit by raising the maximum amount of expenses against which the credit can be taken. In an attempt to provide additional benefits to working families, Congress created a sliding scale. Although we support the increased credit, we were disappointed that it was not made refundable so that parents whose incomes are too low to owe any income tax could benefit from the new expanded credit provisions.

Many low- and moderate-income working families ironically may realize little benefit from the new tax credit provisions. Those who lose Title XX funded child care will not be able to make up the difference through the tax credit, which at 30 percent provides a maximum benefit of only $720 a year for one child and $1,440 for two or more children. In contrast, the cost of full-time preschool child care at $1 an hour is at least $2,000 a year.

These same families face reduction or the complete loss of child care food and school lunch subsidies. It is unlikely that the sliding scale will allow working families to purchase improved child care for their children. In fact, other cuts may limit their disposable income so that they may be forced to turn to cheaper child care options. Consider the benefits of the Child Care Tax Credit to lower-income working families juxtaposed against increases in school meal costs (assuming that increased charges for the child care food benefits will be reflected in higher fees to parents):

- A two-parent family with two children has a total income of $15,100 per year. The father earns $4.70 per hour, the mother $3.35. One child is in elementary school, the other is in a half-day kindergarten. This family pays $20 a week for day care for the younger child during the school year, and $40 per child a week during the summer, for a total of $1,840. Their total benefits from the Child Care Tax Credit will be $478.40, $110.40 more than under the old 20 percent credit. This family has lost eligibility for reduced-price lunches in school and in the day care center. They now pay 85 cents per lunch per child, compared to 20 cents last year. Their additional costs for lunches for their children are $334 for a year. Their net additional costs come to $223.60 for the year.

- A single mother with three children has a total income of $11,200 per year ($5.60 per hour). Two of the children are in elementary school, one is a preschooler in full-day day care. This family has lost its eligibility for free lunches for the children; the mother now has to pay 40 cents per child per lunch, or $300 more per year. She pays $40 per week for day care for the youngest child, and the same amount for each of the older children during the summer, for a total of $3,120 per year. Her Child Care Tax Credit is $905.80, $281.80 more than under the old (20 percent) credit. Her net additional cost is $18.20 because of the increase in lunch prices.

The Children's Defense Fund urges you to amend the child care tax credit to allow for refundability and to expand the sliding scale to begin at 50 percent for incomes $10,000 and under. Unless this occurs, poor working families will continue to find no pea under the Reagan Administration child care shell game.

Even with refundability, however, child care expenses represent an out-of-pocket expense for families with little flexibility regarding their cash flow. A targeted amount of money to directly subsidize child care for these families is also needed.

This could be accomplished by adding a mandated child care earmark to the Title XX Social Services Block Grant. Such a provision would not involve drafting child care legislation but would guarantee that dollars are protected for direct services in child care.

The Proposed FY 1983 Budget Cuts

The child care dilemma created for poor and working families by the FY 1982 budget cuts and legislative changes will grow even more serious if the Administration's budget proposals for FY 1983 become a reality. An 18 percent cut in the Title XX Social Services Block Grant (from $2.4 billion to $1.974 billion) will mean that about 100,000 additional families will lose child care services. The Child Nutrition Block Grant, merging the Child Care Food Program with School Breakfast and reducing funds by over one-third, will mean even less support for quality child care programs. Competition will be keen at the state level for diminished funds. School food service providers represent a far stronger constituency than the child care community. The result will be that some child care providers will be forced out of business because of this further round of cuts and those that remain may offer lower quality services. An additional $1.2 billion cut in AFDC will diminish more low-income families' access to child care. Finally, proposals to eliminate the Appalachian Regional Commission and the Work Incentive Program will further limit child care opportunities for working lower-income families.

CONCLUSION

Our work is cut out for us with the President's new budget which seeks to take $8 billion in FY 1983 from the same needy children and families from which he has already taken $10 billion in FY 1982. By their unrelenting and unfair budget assault on the poorest children and families, the Reagan Administration may be doing negatively what it sadly lost the opportunity to do in a more positive way: forcing all Americans to answer what we do believe in and value as a nation. For the budget battle this year is truly about who we are and what we care about as a nation. The budget battle poses clear choices for us this year that will shape the national character for many years to come.

- Do we believe that it is all right to help the rich while hurting the poor? To give away $750 billion mostly to affluent corporations and individual while taking away $10 billion from the poorest children and families, leaving 9-1/2 million Americans unemployed, and small businesses and farmers to go under in droves?
- Do we believe that bombs and missiles are more important than babies and mothers? That it is fair to demand zero error rates of welfare systems serving needy mothers and children and wink at defense unit cost overruns of 161 percent and 227 percent?
- Do we really believe that it is all right to punish children because they had the luck to be born in a poor family or with a handicap or color that makes them different; because they are weak and cannot vote?
- Does national security really mean only arms to guard us against perceived external threats or is it also personal security which enables us to walk safely in our neighborhoods? It is also the intellectual security which comes from a confident and trained citizenry which can look towards a future where we can outthink and out produce the Germans, Japanese and Soviets?
- Is it enough to be a number one military power when we have a Black infant mortality rate that is higher than Jamaica's and a majority of Warsaw pact countries?

> Isn't there soemthing badly awry in a nation that spends billions a year in arms and cannot find the money to immunize its children?

Those of us who care about children must help Americans of all persuasions to examine more deeply our feelings and beliefs about what is right and just as well as cost effective.

The Children's Defense Fund has just completed a national conference of more than 500 child advocates from all over the country. We came together to learn about the Reagan budget and to map strategies for educating the public and the Congress to the needs of the whole child and to the need to act now to protect the futures not only of today's children, but of the children born tomorrow and next year and in the next decade.

At this conference were parents, Head Start directors, foundation officials, social workers, church leaders, academics, doctors, and representatives of a host of other citizen groups and public and private agencies. Despite the variety of backgrounds, professions and disciplines, we all shared one thing--a commitment to turning back the dangerous trends initiated in the Fiscal 1982 budget and to replacing them with affirmative policies that will support and strengthen our children in the coming decades.

We are encouraged by an apparently growing focus on children's needs on Capitol Hill--by your scheduling of these hearings, Mr. Chairman; by the introduction of a resolution to create a select committee on children, youth and families by Representatives George Miller and James Jeffords; and by the decision of the House to set aside a day in February to encourage members to speak on the impact of the budget on children.

We need your help; we want to work with you and to keep in mind as we face the difficult choices ahead at all times the words of Dwight D. Eisenhower, who said in 1953:

> "Every gun that is made, every warship launched, every rocket fired signifies...a theft from those who hunger and are not fed, those who are cold and are not clothed.
>
> "This world in arms is not spending money alone."
>
> "It is spending the seat of its laborers, the genius of its scientists, the hopes of its children."

ATTACHMENT A

Effects of Budget Cuts on Selected Children's Programs

Selected Federal Programs Vital to Children and Families[a]	Current Program Level[b] (millions)	FY 1983 Proposed Cut[c] (millions)	FY 1983 Proposed Cut[d] (percent)	Total Cut by Reagan Administration[e] (percent)
Categorical Grants				
Compensatory Education (old Title I)	$ 2,886	$ 944	- 32.7%	- 51.0%
Handicapped Education (P.L. 94-142)[f]	1,042	196	- 18.8	- 29.6
Maternal and Child Health Block Grant[f]	348	0	0.0	- 29.7
Mental Health Block Grant	432	0	0.0	- 26.3
Child Welfare, Foster Care, and Adoption Assistance[f]	492	112	- 22.7	- 29.4
Child Abuse State Grants	7	2	- 31.3	- 37.8
Social Services Block Grant	2,400	426	- 17.7	- 36.3
Juvenile Justice and Runaway Youth	81	74	- 91.8	- 94.8
Head Start	912	0	0.0	+ 0.9
Energy Assistance[g]	1,752	452	- 25.8	- 29.7
Supplemental Food (W.I.C.)[f]	934	282	- 30.1	- 36.6
Child Nutrition (School Lunch, Breakfast, Child Care Food, others)[f]	3,504	680	- 19.4	- 44.3
Job Corps and Youth Employment[f]	1,418	366	- 25.8	- 59.1
Major Entitlements				
Aid to Families with Dependent Children (AFDC)	6,609	1,155	- 17.5	--[h]
Medicaid	14,461	1,536	- 10.6	--[h]
Food Stamps	11,825	2,294	- 19.4	--[h]
Total	$ 49,103	$ 8,518	- 17.3	--[h]

Notes

[a] A larger list of programs of importance to children and families can be found in the Appendix. Housing programs, shown in the Appendix, are not included here only because their multi-year budget authority would appear disproportionate -- the housing programs themselves are obviously vital to low-income children.

[b] This is FY 1982 budget authority as set in the Continuing Resolution (P.L. 97-92) or its successor appropriation acts for the categorical programs. For the major entitlements, this shows FY 1983 current service estimates from the Office of Management and Budget, based on the provisions of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35).

[c] These cuts do not include either the uncompensated effect of inflation upon the categorical programs -- at least $800 million -- nor the effect of President Reagan's rescission proposals for additional reductions in FY 1982 budget authority beyond those already enacted by Congress -- approximately another $5 billion.

[d] This is column two as a percentage of column one. An accounting change in the Medicaid program leads to some underestimate of the actual percentage of current services lost to low-income children and their families.

[e] The base figures from which these percentages were computed are in the Appendix table. The percentages reflect all the changes enacted or proposed by the President since he took office, including FY 1981 rescissions, FY 1982 reductions, proposed FY 1982 rescissions, and FY 1983 proposed reductions. They understate the loss of actual services in general since they contain no allowance for price increases from FY 1982 to FY 1983. These percentages cannot now be computed for the major entitlements because we lack credible estimates of the impacts in FY 1983 of the changes enacted for FY 1982 in P.L. 97-35. For the categorical programs shown here, the loss totals $8.770 billion out of $21.443 billion, or 40.9 percent.

[f] Most of these programs (which include some smaller entitlements) are proposed for inclusion in the several new or enlarged block grants described in the Administration's budget message to Congress for FY 1983.

[g] Does not include a $123 million supplemental added by Congress after the President's budget was submitted.

[h] The corresponding percentage cannot be computed; see note e.

ATTACHMENT B

Categorical Children's Programs, FY 1982 and FY 1983

Children's Programs	FY 1982 Current Policy[a]	FY 1982 Funding Level Now[b]	FY 1982 Proposed Level[c]	FY 1983 Proposed Level[d]	Percent Cut From Level Now[e]	Percent Cut Since FY 1981[f]
Child Care and Child Welfare						
Head Start	$ 904.0	$ 911.7	$ 911.7	$ 912.0	0.0%	+ 0.9%
Social Services Block Grant	3,099.0	2,400.0	2,400.0	1,974.1	- 17.7	- 36.3
Indian Social Services	33.7	26.3	26.3	22.0	- 16.4	- 34.8
Work Incentives (WIN)	394.9	245.8	245.8	0.0	-100.0	-100.0
Appalachian Area Development	159.4	59.2	59.2	0.0	-100.0	-100.0
Community Services Block Grant	586.1	336.5	336.5	100.0	- 70.3	- 82.9
Rehabilitation Services[g]	1,045.1	953.5	953.5	650.0	- 31.8	- 37.8
Runaway Youth	11.0	10.5	10.5	6.6	- 37.2	- 39.9
Juvenile Delinquency Prevention	116.4	70.0	70.0	0.0	-100.0	-100.0
Child Abuse State Grants	7.4	6.7	6.7	4.6	- 31.3	- 37.8
Social Service Demonstrations[h]	48.4	29.5	29.5	30.8	+ 4.4	- 36.3
Foster Care[i]	346.0	321.6	321.6	-		
Adoption Assistance[i]	10.0	10.0	10.0	-		
Child Welfare Services	177.0	156.3	156.3	-		
Child Welfare Training	5.6	3.8	3.8	-		
New Block Grant	538.6	491.7	491.7	380.1	- 22.7	- 29.4
Subtotal	$ 7,482.6	$ 6,033.0	$ 6,033.0	$ 4,080.2	- 32.4	- 45.5

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Categorical Children's Programs, FY 1982 and FY 1983
(continued)

Children's Programs	FY 1982 Current Policy[a]	FY 1982 Funding Level Now[b]	FY 1982 Proposed Level[c]	FY 1983 Proposed Level[d]	Percent Cut From Level Now[e]	Percent Cut Since FY 1981[f]
Child Health						
Preventive Health Block Grant	$ 107.4	$ 81.6	$ 81.6	$ 81.6	0.0%	- 24.0%
Mental Health Block Grant	585.8	432.0	432.0	432.0	0.0	- 26.3
Community Health Centers Block Grant	350.5	248.2	248.2	-		
Black Lung Clinics	4.9	3.2	3.2	-		
Migrant Health	46.8	38.1	38.1	-		
Family Planning	175.1	123.7	123.7	-		
New Block Grant	577.3	413.2	413.2	416.8	+ 0.9	- 27.8
Development Disabilities	64.2	58.7	58.7	41.7	- 29.0	- 35.0
Immunization	32.9	28.3	28.3	28.9	+ 2.0	- 12.4
Venereal Disease Provention	51.6	38.4	38.4	45.6	+ 18.9	- 11.5
Maternal and Child Health Block Grant (excludes W.I.C. transfer)	494.6	347.5	347.5	347.5	0.0	- 29.7
Subtotal	$ 1,913.9	$ 1,399.7	$ 1,399.7	$ 1,394.1	- 0.4	- 27.2

Categorical Children's Programs, FY 1982 and FY 1983
(continued)

Children's Programs	FY 1982 Current Policy[a]	FY 1982 Funding Level Now[b]	FY 1982 Proposed Level[c]	FY 1983 Proposed Level[d]	Percent Cut From Level Now[e]	Percent Cut Since FY 1981[f]
Nutrition						
School Lunch[j]	$ 2,738.5	$ 2,045.4	$ 2,045.4	$ 2,220.9	+ 8.6%	- 18.9%
School Breakfast[k]	413.2	335.0	335.0	-		
Child Care Food[k]	391.0	276.9	276.9	-		
New Block Grant	804.2	611.9	611.9	448.0	- 20.2	- 39.3
Child Care Equipment	15.0	0.0	0.0	0.0	0.0	-100.0
Summer Food	132.1	61.1	61.1	0.0	-100.0	-100.0
Nutrition Education	16.6	5.0	5.0	0.0	-100.0	-100.0
Commodities	395.5	75.7	75.7	79.0	+ 4.4	- 80.0
Special Milk Program	121.9	28.1	28.1	0.0	-100.0	-100.0
Supplemental Food (W.I.C.)[l]	1,028.5	934.1	934.1	652.5	- 30.1	- 36.6
State Administrative Cost	44.5	44.5	44.5	35.4	- 20.4	- 20.4
Subtotal	$ 6,101.0	$ 4,437.8	$ 4,437.8	$ 3,475.8	- 21.7	- 43.0

Categorical Children's Programs, FY 1982 and FY 1983
(continued)

Children's Programs	FY 1982 Current Policy[a]	FY 1982 Funding Level Now[b]	FY 1982 Proposed Level[c]	FY 1983 Proposed Level[d]	Percent Cut From Level Now[e]	Percent Cut Since FY 1981[f]
Education Programs						
Compensatory Education[m]	$ 3,961.0	$ 2,886.0	$ 2,474.4	$ 1,942.0	- 32.7%	- 51.0%
Handicapped Education[m]	1,201.5	1,042.1	783.5	845.7	- 18.8	- 29.6
Bilingual Education	194.0	138.1	126.6	94.5	- 31.5	- 51.3
Vocational and Adult Education	1,021.5	739.7	633.9	500.0	- 32.4	- 51.1
Indian Education	89.5	77.9	71.6	51.1	- 34.3	- 42.9
Follow Through	44.3	19.4	0.0	0.0	-100.0	-100.0
Women's Educational Equity	10.0	5.8	0.0	0.0	-100.0	-100.0
Civil Rights IV-A Centers	45.7	24.0	0.0	0.0	-100.0	-100.0
Higher/Continuing Education[n]	447.6	358.6	326.8	247.2	- 31.1	- 44.8
Student Financial Assistance[o] (Pell, Work/Study, Direct)	4,482.6	3,352.5	3,211.0	1,800.0	- 46.3	- 59.8
Subtotal	$11,497.6	$ 8,644.1	$ 7,627.8	$ 5,480.5	- 36.6	- 52.3

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Categorical Children's Programs, FY 1982 and FY 1983
(continued)

Children's Programs	FY 1982 Current Policy[a]	FY 1982 Funding Level Now[b]	FY 1982 Proposed Level[c]	FY 1983 Proposed Level[d]	Percent Cut From Level Now[e]	Percent Cut Since FY 1981[f]
Miscellaneous						
Public Service Employment	$ 3,800.0	$ 0.0	$ 0.0	$ 0.0	-100.0%	-100.0%
Job Corps	607.0	586.0	586.0	387.0	- 34.0	- 36.2
Other Youth Employment[p]	1,966.0	832.0	832.0	665.0	- 20.1	- 66.2
Low-Income Energy Assistance	1,849.5	1,752.0	1,752.0	1,300.0	- 25.8	- 29.7
Legal Services	344.0	120.5	120.5	0.0	-100.0	-100.0
Community Development Block Grant	4,038.0	3,966.0	3,966.0	3,335.2	- 15.9	- 17.4
Low-Income Housing (Section 8)	24,956.5	14,485.7	14,485.7	3,804.6	- 73.7	- 84.8
Public Housing	9,376.0	2,374.2	2,374.2	2,323.8	- 2.1	- 75.2
Subtotal	$46,937.0	$24,116.4	$24,116.4	$11,815.6	- 51.0	- 74.8

Notes

[a] Current Policy Level is the funding needed during FY 1982 to provide the same services as were funded by the FY 1981 appropriations in effect at the time President Reagan took office. The base is FY 1981 level before any rescissions (reductions) imposed by the new Administration. Most estimates are those provided congressional committees by the Congressional Budget Office. In a few cases, current service estimates (a similar concept that differs primarily in the extent of adjustment for inflation) or FY 1981 appropriation levels were used by CBO where estimates were not available, or inapplicable.

[b] The FY 1982 funding level, as of February 8, 1982, set in the Continuing Resolution (P.L. 97-92, expiring March 31, 1982) or subsequently enacted appropriations and adjusted within the President's discretion permitted therein. In virtually every case, these amounts are greater than the levels proposed by the President on September 30, 1981, for FY 1982.

[c] These are the levels proposed by the President in his February 8, 1982 budget message to Congress for FY 1982. All the proposed rescissions (reductions) affect education programs.

[d] These are the levels proposed by the President in his February 8, 1982 budget message to Congress for FY 1983 budget authority. (Budget authority is the right to commit the federal government to make an expenditure; where the expenditure is actually made, the budget authority is thereby converted to an outlay.) These figures come from the FY 1983 Budget Appendix or, in a few cases, from agency materials distributed to the press on February 6, 1982.

[e] This is the percentage change from the FY 1982 funding level in effect now (column 2) that would occur if the President's FY 1983 proposal is enacted by Congress. Since the FY 1982 funding levels have not been adjusted for projected inflation from FY 1982 to FY 1983, this percentage accurately reflects cuts in dollars available but underestimates reductions in the amount of services or value that would be lost.

[f] This is the percentage change from the FY 1982 current policy level (column 1, reflecting FY 1981 dollars adjusted for price increases to a FY 1982 equivalent level of services or value) that would occur if the President's FY 1983 proposals (column 4) is enacted by Congress. As in the previous note, there is no adjustment for inflation between FY 1982 and FY 1983. Thus this percentage understates the true loss of services or value proposed by the President since he took office.

[g] Includes $28.6 million in FY 1982 and $26.5 million in FY 1983 for the National Institute of Handicapped Research; FY 1982 current policy estimate also includes the Institute.

[h] Includes Adoption Opportunities, University Affiliated Facilities and Developmental Disabilities demonstration projects, and discretionary research in Child Welfare, Child Abuse, and other social services. The Office of Human Development Services will determine the specific allocations later.

[i] These are currently entitlement programs; FY 1982 estimates may therefore be too low.

[j] School Lunch is technically an entitlement (as is School Breakfast), but is shown here as if it were a fixed appropriation.

[k] The proposal is to block grant School Breakfast and the Child Care Food Program. The implied funding for FY 1983 would be $375.5 million for School Breakfast (if it remained an entitlement) and thus $112.5 million for Child Care Food, a cut of 59.4 percent from FY 1982, and 71.2 percent from the level the program had reached before the Administration began cutting.

[l] The proposal is for W.I.C. to be combined with the existing Maternal and Child Health Block Grant. The FY 1983 level shown here is the level implied for W.I.C. in the combined program.

[m] The proposal is for a repeal of P.L. 94-142, the Education for All Handicapped Children Act, and the block granting of its dollars along with the state school component (P.L. 89-313) of old Title I of the Elementary and Secondary Education Act (now Chapter I of the Education Consolidation and Improvement Act), compensatory education. P.L. 89-313 funds are shown in compensatory education, above: $146.5 million in FY 1982 before rescissions, $116.2 million after rescissions, and, of course, zero in FY 1983.

[n] Upward Bound, Developing Institutions, Graduate Programs for the Disadvantaged, Foreign Language Studies, and several smaller college-level programs, including aid to land grant colleges, first enacted under President Lincoln in 1862.

[o] Also includes minor programs, but does not include guaranteed student loans.

[p] Young Adult Conservation Corps (abolished during FY 1982), and Youth Employment and Summer Jobs proposed for inclusion in an Employment Block Grant in FY 1983. The FY 1983 levels shown assume that states use the proposed FY 1983 Block Grant funds in the same proportions in the FY 1982 programs replaced.

Entitlement Programs, FY 1982 and FY 1983

Program	FY 1982 Approximate Current Policy	FY 1982 Reduction In Effect P.L. 97-35	FY 1982 Further Reduction Proposed	FY 1983 Current Policy	FY 1983 Reduction Proposed
Food Stamps	$ 12,311	$ 1,658	$ 273	$ 11,825	$ 2,294
Percent of Current Policy	100.0 %	13.5 %	2.2 %	100.0 %	19.4 %
AFDC	$ 6,893	$ 1,000	$ 166	$ 6,609	$ 1,155
Percent of Current Policy	100.0 %	14.5 %	2.4 %	100.0 %	17.5 %
Medicaid	$ 20,138	$ 1,193	$ 977	$ 14,461	$ 1,536
Percent of Current Policy	100.0 %	5.9 %	4.9 %	100.0 %	10.6 %
Totals	$ 39,342	$ 3,851	$ 1,416	$ 32,895	$ 4,985
	100.0 %	9.8 %	3.6 %	100.0 %	15.2 %

Mr. **Rangel**. Thank you, Ms. Edelman. That is a very encouraging report, particularly the last part of your testimony.

You know that we in the Congress have now felt the outrage about which you have testified and about which Congressman Miller so eloquently testified. There has been this fear that some of us have had that by the time the Nation really knows what has happened, it might just be that these programs have not only been dismantled but have been shipped to local and State government.

I think for the survival of our Nation, and certainly our older cities, that we have to hear from our institutions. That is a part of America.

The people that were referred to by Mr. Cosby fill this room up when we talk about decreasing tax liability and yet you can take a look around today and see when we are talking about kids the difference in the lobbying effort.

You have been a leader in this effort and I want you to know that we do not expect you to do it alone. We politicians just want to know who we can go into partnership with and where we can lend our presence to encourage others to get involved. Adults can pick up some time and make up for loss. But once the kids are denied their losses in suffering sometimes are irreversible.

So your testimony has been an inspiration and very encouraging and I want so much to believe that you are right.

Mr. Miller.

Mr. **Miller**. I want to join Chairman Rangel in those remarks, Marian. I think you do correctly assess it. It is a little late, but we will take it. I think there is a mobilization that is in fact starting thanks to the Children's Defense Fund and other people who have been here in the lean years.

I think that organizations are making some effort at trying to recognize their social responsibility. The fact that you were able to get all those people in that room last week at your conference is a testimony to the reawakening of people. I think because what they are starting to understand is how really bad it is. We are no longer speculating. Congressman Rangel and Congressman Miller are not talking about what might happen. It has in fact happened. Now we are just talking about adding to the numbers.

I think at some point the media will start to understand that this is not speculation. Nobody in the room today speculated on what might happen. They told us about what has already happened and it is a simple continuation of that process.

The services have been cut. And I just hope that this hearing is the beginning in terms of the Congress and that your conference was the beginning in terms of the private sector to understand.

You know, it is hard to think we are talking about it this way, but there used to be a group called Save Our Children. It is just about that fundamental for those kids who are affected, not for my children, but for those kids who again find themselves in circumstances that they did not create.

We are talking about whether we are going to save them or lose them. I think that has got to come home pretty soon.

Ms. **Edelman**. I am hearing at least two things. One is that the impact of the cuts has not really hit yet. But I also hear that people find it hard to believe what is actually occurring. How could anybody, they say, how could they be taking food away from children? And they cannot believe we are doing it.

And now people are beginning to realize, because they are beginning to experience the impact of the cuts. They see the soup lines in their own churches and they see what comes into their health centers. And they are losing their personnel.

It is hard to believe that this administration is declaring war on homeless and handicapped children. But now I think the message is beginning to seep through. People are beginning to get outraged, and I hope that rage will translate. We are determined that it will translate into, I hope, political votes and the kinds of pressure on this Congress that is going to allow you to do the job that I know those of you who are here and working for children want to do.

Mr. **RANGEL**. It has to be a broad coalition. When our committee went to other cities, it was really fantastic to see how the system worked. There were people who were testifying that they were against the AFDC, they were against food stamps, they were against public assistance. But they could not understand why the services for their retarded kids were being cut back when they had been against all of these giveaway programs. All they wanted was a fair opportunity for their child to be able to grow up and live a normal life.

Ms. **EDELMAN**. I think there is hope—even though the children's movement, the family movements, are very fragmented and, as you know, every program, whether it is handicapped or title I or health, has its own constituency.

Perhaps now that Mr. Stockman has tried to gobble up the entire children's pie, and people are realizing that when he takes a slice out of the CETA pie he is taking a slice out of Head Start through the back door, when he cuts child care food programs, that really hurts title XX providers.

And when you begin to cut broadly, that affects jobs as well as benefits for recipients. It is more encouraging to see State people and middle-class people and those with jobs sitting down together for the first time, because of the perceived threat.

I think it is up to us on the outside who can hopefully provide that leadership to corral it into channels that are strong and loud and that say no to you here in the Congress.

Mr. **RANGEL**. Thank you for the help that you have given to us over the years, and especially now.

We have a panel that will be testifying next, a child care panel: Edythe Rogers, a missioner from the Richmond Urban Institute, of Richmond, Va.; and Peggy Daly Pizzo, who was the assistant director of the White House Domestic Policy Staff during the last administration.

We are looking now, Ms. Pizzo, for those people who believe that you could not have a worse disaster than the last administration.

Ms. Rogers.

STATEMENT OF EDYTHE M. ROGERS, MISSIONER, RICHMOND URBAN INSTITUTE, RICHMOND, VA.

Ms. **ROGERS**. My name is Edythe Rogers. I was born in Los Angeles, Calif., moved to New York at the age of 12, lived there for 19 years, moved to Connecticut, lived there for 4 years, and subsequently ended up in Virginia, where I presently reside. I am the mother of three, the grandmother of one. My children are three girls, and my granddaughter, obviously, also is a girl.

I have my three daughters aged 22, who is a part-time student in a community college in Richmond, Va., where I presently reside, and have a middle daughter who attends the University of Maryland at the Eastern Shore, who is a sophomore. My youngest daughter attends Morgan State University, and is a freshman, in Baltimore.

I said I was born in Los Angeles. My parents were divorced when I was 2. I was a day care child at the age of 6. After my mother went on to New York to find a job, we were left in a foster home for 7 years. I have also, therefore, been a ward of the State of California. After my mother decided to bring us together again, she brought us together in New York City, where we did not go back on public assistance, but rather, my mother was the sole support of the youngest four of us who had been in the foster home together.

She worked at Macy's Department Store. I dropped out of high school in the middle of the 12th grade, got married a year later, had four children, one of whom died of sudden infant death, the only male child that I had. If it were not for well-baby clinics in the city of New York, I do not know what would have happened to all the rest of my children.

Well-baby clinics not only provided preventive health care for my children but also for me. I was able to get family planning services. I also was able to get dental services while in high school at a reduced fee.

I am at present a graduate of law school. As you can tell, I subsequently went back and finished my education. The difficulty that I have is that I am faced with a dilemma at this point. I would like to impress you with my scholarly abilities. At the same time, I would like to impress upon you my experiences as a mother and a single head of household. I would like to do the latter more than the former, primarily because if it were not for my children, I would not be here.

Therefore, since I owe them that debt, I think that the testimony I should give before you should be that which will give you, I think, the strongest message that will allow them to be able to do what they allowed me to do; that is, to say they are able to go to school as they do now, primarily because of guaranteed student loans and student assistance.

I was able to go to school because of guaranteed student loans and student assistance. I was able to finish and get a high school equivalency after separating from my former husband, almost 9 years after leaving high school. And then able to go on and be accepted and to graduate from Columbia University in the city of New York because of guaranteed student loans.

Also, I was able to go on to law school and complete that because of guaranteed student loans, which I am attempting at present to repay. My present employment is that of what is called an urban missioner, which is with an organization known as the Richmond Urban Institute. The Richmond Urban Institute is a peculiar animal in that it is a kind of entity which the present administration claims is necessary if the kinds of things which the present policies, if fully implemented, will be able to meet the needs of the people.

Therefore, I think I am especially qualified to state, it will not work. That is not to say that the feeling is not there. It is to say that there are no public moneys involved in this organization. All of the moneys under which we exist, our total operating budget, is paid for out of private funds.

We are funded, in part, by a challenge grant, decreasing over a 5-year period, from two sources: One, a private foundation in Arkansas; and the other, an Episcopal church in the city of Richmond. We are in the third year of our operation. This is the first of those 3 years where we will experience a decrease in operating funds.

We are experiencing extreme difficulties. In spite of the support of churches in the city of Richmond, in spite of the support of the people of the city of Richmond and the metropolitan area, there just is not the money to help.

The organization, although a very good idea, we do not believe—or at least I do not, in my very informed opinion believe—will work if duplicated by everyone. We recently held a conference on the local metropolitan impact of the new Federal budget on the metropolitan area. This includes the city of Richmond, the counties of Henrico, Hanover, and Chesterfield. It was an effort on which I worked for 9½ weeks. There was a combined and collective effort with the administration of some of those municipalities, and my staff time.

In that effort we were able to secure in testimony for the first day in our open plenary session the secretary of human resources for the State of Virginia, Mr. Frederick Fisher, and the city manager for the city of Richmond, which is—I am sorry, which is a city manager form of government.

All of those indications from those gentlemen, from informed and experienced positions, is that the New Federalism will work extreme hardships on the State of Virginia and the metropolitan area.

On the second day of our hearings we talked about every one of the areas where block grants and budget cuts will be experienced. All of the experience that the people who work directly in those areas, speaking specifically now of social welfare, education, housing, and transportation, health, human services of all kinds, are that the cuts will be extremely felt, most by those who can least stand them.

I am concerned not only for myself but for others similarly situated. Our situation is very difficult. Our situation will continue to become even more difficult. The people of the city of Richmond are caring people, the people of the State of Virginia are very caring people.

Yet, still even though the South has two-thirds of the poor people in the country and one-half of the black poor people of the country, only 2 percent of the people in the State of Virginia receive benefits under AFDC.

That kind of pattern can be repeated throughout the State, or rather the Southern States. I have with me in my testimony, which is written, which I have totally departed from, given statistics on all 11 of the Southern States. And you will see that most of the people in the South who are poor, a low percentage of them actually participate in the very programs which are being cut.

This means that the impacts of those cuts will not only impact severely upon all those who have been receiving benefits up until October 1, 1981, but those who have not received it but were quite eligible even in more devastating circumstances.

The reality is that the Virginia Employment Commission yesterday released its statistics which say that the State unemployment figures as a result of the present economic reality are now at 7.8 percent, and do not auger well. Also, the fact that the State of Virginia has also decreased its staffing in its employment commission offices and also administrative positions which used to serve in the very services which are being cut does not say very much about its ability to provide the services in the future with its increased State responsibilities.

I have departed a great deal from what I had to say. But let me say, in summary, the impact of the proposed cuts, as we understand them, by simple arithmetic, the administration's new/old policies and proposals that affect the poor add up to a savings of Federal dollars. The economic and social cost to the South and to the Nation will be much higher. Programs for the people in the South will be especially damaged. That is because of the heavy reliance in Southern States on Federal dollars. Cutbacks will reduce existing programs in the South much more than anywhere else.

In South Carolina, 74 cents of every dollar of the AFDC program is supplied by the Federal Govermment. A 10-percent reduction in this AFDC program from the Federal budget will therefore have a most severe impact in South Carolina and other Southern States.

For basic necessities—food, jobs, and health care as well as affordable health care and child care—the poor, especially the black poor, are faced in Southern States where the reduction in benefits in AFDC will affect drastically as much as 6 out of 10 of our poor recipients in the 11 Southern States.

These cuts show reduced AFDC rolls, in which less than one-half of the South's poor children, less than two-fifths of the South's poor persons, are being assisted.

I ask you, therefore, to please advocate on behalf of our children, on behalf of all children, I ask you on behalf of those who very foolishly, unwisely, and out of ignorance, merely because they do not know and have not sought to know and those who do not wish to tell them because of their privileged position, that they do not know what they are doing, and please stop before they advocate before you again to cut.

Some of these programs really can be better administered, but were it not for Head Start, two of my daughters would not be in college. My dream in my life was to see my daughters graduate from high school. That they have gone on to college is more than a dream come true, but a reason to work for a future which for me and America I thought unreal.

In conclusion, let me thank you once again for allowing me to speak before you and also say to you that because I believe that these types of programs can work and also because I know that they do not reach enough. I am a voluntary teacher, daytime, in open high school in Richmond, Va., where I teach introductory French to 10th- and 11th-graders. I am also a part-time teacher at night in Virginia Union University in Richmond, Va., where I teach community organization and community development in the urban studies department. I also volunteer my time on voter education projects free of charge, as do many others, and that is because I believe that an enlightened, aware electorate is the best electorate to see to it that this kind of thing does not stand for long. Thank you.

[The prepared statement follows:]

STATEMENT OF EDYTHE M. ROGERS, MISSIONER, RICHMOND URBAN INSTITUTE

Honorable Representatives:

I speak on behalf of many mothers and fathers, grandparents, and children of all origins, both inside and outside America. All of us are concerned about the new federal budget, and its impact upon our lives and the lives of our children over the next five, (5) years. The new federal budget may in fact reduce the growth of the federal budget sharply, over the next three years; it may reduce business taxes through accelerated depreciation; certainly we know for a fact that it will increase significantly the real share of the budget reserved for national defense. It certainly will also have an adverse, serious impact upon the poor, black, women, single heads of households, and other so-called minorities. In short, again we are asked to share the burden equally among ourselves; we the newly enfranchised; we the single heads of household; we the black people, we the poor and working middle class. I ask that you not only listen, but that you also hear everyone who speaks to you today. Weigh our words carefully. Balance the competing interests. Put your personal concerns as to the possibilities for your reelection other than first, and hear us, "We the people."

My remarks will be brief and I trust, to the point. I have extracted them for the most part, from a well researched and documented report put out by the Southern Regional Council. The title of the report is,

"The New Federal Budget
and the
South's Poor:
More Than "Fallout...Some errors
...and Confusion"

I have extracted my brief remarks from this document, because in my experience and research recently completed in Richmond, Virginia, it is accurate and to the point. Finally, to say all that needs to be said on this subject in five, (5) minutes is all but impossible. Yet, I think that I will be able to do much with the time allotted - given how many of us there are who still want to speak with you.

After more than ten years of the most rapid economic activity in the region's history, Southerners remain the poorest people in the country. Only Texas, of all the southern states has a per capita income equal to the national average of $9, 521. In Mississippi, personal income per person is only 69% of the nation's, and the average person in Alabama has only 76% of the income of the average American. In georgia, the figure is 85% of the national average.

Looking more closely at the southern region's income per person will show that most southern families, especially black families, have very limited incomes.

In 1975 in the Census South* 24.9% of white families earned less than $8,000.00and 34% earned less than $10,000.00. By these figures, there were 8.9% of white families below the poverty level. Of the 2,883,000 black families in the same region, 49% earned less than $8,000 and more than 60% earn less than $10,000. Thus, 28% of black families - three, (3) times more than the proportion of white families - were below the poverty level in 1975. (See the attached for more detail - Table (A)).

Although the migration of the past 30 years and the occupational changes among blacks have occurred, entry of black males into both blue and white collar jobs has occurred only in the low paying occupations. Among black women too, shifts in employment have occurred in dramatic ways. Only 14% of black women were employed in private households as of 1970, and even less in 1980. Female workers (black) in clerical jobs had increased to almost 20%. These shifts have not been translated into substantial economic gains which have closed the gap between black and white families in the South. By 1975, the income of black families had risen in the nation and region to 61% of white families' income. Therefore, the comparative economic gains of black families from a 56 cents of each dollar per black familiy as compared to 100 cents earned by white families in 1950 - has increased more rapidly throughout the nation, than within the South. Perhaps more disturbing, black males' income in 1950 was 58% of white males' income. By 1975, the income of black males had dropped to 57% of that of white males' income. Not surprisi the eleven Southern states remain the home of one-third the nation's poor and one half of the nation's black poor.

AFDC

Aid to Families with Dependent Children, (AFDC) and Food Stamps are the two programs which provide the basic necessities for poor families to survive. The maximum monthly benefit paid to a family of three with no additional income was only $96.00 in Mississippi, $116.00 in Texas, $122.00 in Tennessee, through AFDC. For Food Stamps the amout given is determined largely by the amount of money needed to obtain adequate nutrition. According to the government, a family of three with no additional income, needs $183.00 per month to obtai basic nutrition. For those families with income, the benefits are less than $183.00.

The combined income provided by AFDC and Food Stamps has been extremely low. At present, few states in the nation have provided combined benefits equal to the official poverty level. As of May, 1981, all nine states which provided combined benefits which were less than 65% of poverty, were nine Southern States: Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, and Virginia. (See Attached Table for reference and %-ages). No Southern state reached as high as the national median of 77%. Additionally, no Southern state has ever granted beneffits to families with children who have both parents in the household. Note also that only 2% of all Virginians receive AFDC checks each month.

When compared with the estimated rate of poverty in the Southern states today, these statistics belie the notion that the number of welfare recipients include many who are not needy. The rates of pover among the total populationin each of the Southern states are usually three or four times larger than the rate of those on AFDC.

For example, In Alabama, 16.4% of the population was poor in 1975, while only 4.6% received welfare benefits. In Tennessee, the poverty rate of 15.8% was nearly five times as large as the 3.4% of the population receiving AFDC funds. Black families make up 68% of those on AFDC in the DEEP SOUTH. And, black families in the deep south show rates of poverty that far exceed the rate of AFDC recipients in the population. (See chart #4, Addenda 3). In Mississippi, where the black poverty rate is the highest in the South - 44.8%, the rate of AFDC recipients among the total population is less than 7%. This adds up to only one startling conclusion concerning the welfare program, which existed prior to October 1, 1981:

> "More poor children in the south were in families without AFDC support, than with it." (See Chart #5 Addenda #4).

While precise current data are not yet available, it is indisputable that many of these poor families with children who are outside of AFDC have incomes which place them in deep poverty. As is indicated in the attached Chart #6, -(attached addenda # 5) there are nearly three times as many families and individuals in the South's population whose incomes are below 75% of the poverty level, than there are families who received AFDC in the region before the administration's, (Federal) program cuts instituted on October 1, 1981.

IMPACT OF PROPOSED CUTS

A) The Administration's changes in the AFDC and Food Stamp program will force people who cannot work deeper into poverty and will undercut what little incentive already exists to work, for the few who are able to find work.

b) In all Southern States, the cuts in the total monthly disposable income for many poor families will forcen them more deeply into poverty. (To their credit, most Southern states have pushed up their standard of need so that the 150% ceiling (representing the state standard of need) so that the 150% ceiling will not remove people in wholesale numbers.)

c) Because of the new ceiling for food stamps, which bars anyone with 130% of poverty income, and with new ways of calculating income, some of the working AFDC families may suffer a double reduction.

d) The President's cuts tend to close or eliminate the current difference between working AFDC mothers and the non-working AFDC mother or single head of household. (See Chart # 8 addenda # 6).

e) The Reagan administration's regulation which requires that every AFDC recipient report each month whether there has been a change in the financial circumstances of the family will escalate administrative costs to the states.

f) Increased administrative costs combined with functional illiteracy will also eliminate many persons from benefits - assuming these persons will be able to afford the cost of postage.

g) failure to report on AFDC benefits will also result in a forfeiture of Medicais benefits.

h) In rural areas where Medicaid reimbursement is so important to the establishment and maintenance of clinics and other facilities, BASIC health care may not be available at all.

i) If reductions in medicaid close the doors of health clinics serving the poor, the numbers who will suffer may be two or three times the 2.5 million poor who are present Medicaid recipients in the South.

j) Whatever options state officials choose to reduce Medicaid programs to meet the decreasing budget, the cuts will probably obstruct the spread of physicians and primary care facilities, especially in areas where government reimbursement is essential to maintaining viable medical services. In some ares, facilities of primary care may be closed.

In summary, by simple arithmetic, the administration's new/old policies and proposals that affect the poor add up to a notable savings of federal dollars. However, the economic and social costs to the South and to the nation may be much higher. Programs for the poor in the South will be especially damaged. Because of the heavy reliance of Southern states on federal dollars, cutbacks will reduce existing programs in the South, much more than anywhere else.

For example, in South Carolina, 74¢ of every dollar of the AFDC program is supplied by the federal government. A 10% reduction in the AFDC program of the federal budget would have the most severe impact in South Carolina and other Southern states... a far greater effect than in the nation as a whole where federal funds make up only 56¢ of every dollar in the AFDC program. (See addenda #7, Chart # 15).

For basic necessities, food, jobs, and health care as well as affordable and avialable child care, the Southern poor and especially the black Southern poor face a treacherous future. In the Southern states where 1/3rd of the nation's poor and 1/2 of the nation's black poor live, the reductions in benefits of AFDC may affect tragically as many as six out of ten of all poor recipients in the eleven Southern states. All together, as many as four of ten recipients could be removed from AFDC in the South before the end of 1982, and two in ten could have their benefits reduced significantly. That is to say, that by the end of fiscal year 1983, more than half of the South's AFDC recipients could be severely affected by the Administration present and proposed policies and changes. ALL OF THESE PEOPLE ARE POOR CHILDREN AND THEIR SINGLE PARENTS WHOSE COMBINED INCOME AND GOVERNMENT BENEFITS ARE PROBABLY FAR BELOW THE POVERTY LEVEL. Lest it be forgotten, these cuts shall reduce the AFDC rolls in which less than one-half the South's poor children and less than two-fifths of the South's poor families and persons are now being assisted.

In each of these areas of vital needs, black Southerners will suffer disproportionately the consequences of the Administration's changes. In AFDC program where a majority of the recipients may be removed, blacks who are 68% of the present recipients in the Deep South will be pushed off FIRST and LAST. In the Southeast, in CETA, which is virtually already dismantled for example, black people comprised more than half of the trainees. In Medicaid programs in the South, blacks compose nearly two of three of the beneficiaries. Thus, while the extraordinary rate of poverty among Southern black people justified their disproportionate numbers in these government programs, the reduction in benefits and recipients will hit black people more often than it will whites.

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* The Census South includes the traditional eleven Southern states, Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, and Virginia, as well as Kentucky, West Virginia, Oklahoma, Maryland, the District of Columbia, and Delaware. Generally, the income levels for the population in the Census South is higher than the levels in the eleven Southern states alone.

CHART # 1

Per Capita Income for Southern States As Percentage of U.S. Average
1980

	% of U.S. Average
Alabama	79%
Arkansas	76%
Florida	94%
Georgia	85%
Louisiana	89%
Mississippi	69%
N. Carolina	82%
S. Carolina	76%
Tennessee	81%
Texas	100%
Virginia	99%

U.S. Per Capita Income -- $9521

SOURCE: U.S. Department of Commerce, 1981.

CHART # 4

Families in Poverty by Race and Population Receiving AFDC in the South

	% of White Families	% of Black Families	% of Population Receiving AFDC
Alabama	8%	30.3%	4.6%
Arkansas	11%	33.4%	3.7%
Florida	7.8%	32.9%	2.5%
Georgia	10%	29.8%	4.0%
Louisiana	7.8%	37.3%	5.0%
Mississippi	10.8%	44.8%	6.9%
North Carolina	7.9%	27.5%	3.3%
South Carolina	7.0%	30.5%	4.8%
Tennessee	10.1%	28.9%	3.4%
Texas	10.5%	21.2%	3.0%
Virginia	5.3%	25.0%	2.1%
11 State TOTALS	8.8%	30.2%	3.5%

SOURCE: U.S. Bureau of the Census, Current Population Reports, "Money Income and Poverty Status in 1975 of Families and Persons in the United States" and from information provided by research departments of state programs.

Chart #5

Children in Poverty and Receiving AFDC Payments in the South

State	Number in Poverty	Child AFDC Recipients	Percent on AFDC
Alabama	209,000	123,580	59%
Arkansas	147,000	80,485	55%
Florida	493,000	187,591	38%
Georgia	354,000	229,359	65%
Louisiana	304,000	174,763	57%
Mississippi	260,000	143,525	55%
North Carolina	294,000	139,498	47%
South Carolina	217,000	102,442	47%
Tennessee	256,000	155,659	61%
Texas	813,000	267,797	33%
Virginia	202,000	129,096	49%
Eleven State Total	3,549,000	1,733,795	49%

SOURCE: Southern Growth Policy Board, "Raising A New Generation in the South," A report by the Task Force on Children (Research Triangle: 1981), p. 99.

Chart #6

Percentage of All Families and All Persons Below 75% of Poverty and Percentage of Population Receiving AFDC Benefits in the South

State	Percent of Families Below 75%	Percent of Persons Below 75%	Percent of Population on AFDC
Alabama	9.5%	9.9%	4.6%
Arkansas	10.8%	10.9%	3.7%
Florida	11.7%	10.0%	2.5%
Georgia	11.0%	10.7%	4.0%
ouisiana	11.6%	12.2%	5.0%
ississippi	16.2%	17.2%	6.9%
orth Carolina	8.7%	8.2%	3.3%
South Carolina	10.2%	10.3%	4.8%
ennessee	11.1%	10.0%	3.4%
exas	10.3%	9.4%	3.0%
irginia	6.5%	6.0%	2.1%
Eleven State Total	10.4%	10.0%	3.5%

RCE: U.S. Bureau of Census, Current Population Reports, "Money ome and Poverty Status in 1975 of Family and Persons in the United tes," and research departments of state programs.

Chart #8

Total Monthly Disposable Income by Working and Nonworking Mothers Under the Past System and Under the Administration's Proposed System

	PAST SYSTEM			ADMINISTRATION CHANGES		
	Earner	Non-Earner	Difference	Earner	Non-Earner	Difference
Alabama	$373	$291	$ 82	$284	$267	$ 17
Arkansas	$434	$321	$113	$330	$297	$ 33
Florida	$445	$345	$100	$321	$321	$ 0
Georgia	$405	$323	$ 82	$300	$299	$ 1
ouisiana	$394	$330	$ 64	$306	$306	$ 0
ississippi	$462	$276	$186	$365	$252	$113
orth Carolina	$464	$343	$121	$353	$319	$ 34
outh Carolina	$438	$299	$139	$351	$275	$ 76
ennessee	$411	$294	$117	$322	$270	$ 52
exas	$371	$290	$ 81	$285	$266	$ 19
rginia	$511	$389	$122	$375	$365	$ 10

RCE: Center for the Study of Welfare Policy, the University of cago, "The Poor: Profiles of Families in Poverty," March 1981.

capita expense of $863 in 1978.[1] The $395 yearly expenditures for the adult recipient in the Medicaid programs of Florida and Mississippi were not even 46.0 percent of the national expenditure per person for health care, and most Southern states' average expenditure for each adult recipient in the Medicaid program was no more than 55.0 percent of the national expenditure per person.

CHART # 14

AVERAGE MEDICAID EXPENDITURE PER AFDC RECIPIENT
USING MEDICAID SERVICES DURING FY 1978
IN 11 SOUTHERN STATES

State	Children	Adults	Families of Three
Alabama	$ 191	$ 464	$ 846
Arkansas	211	461	883
Florida	189	395	773
Georgia	232	592	1,056
Louisiana	218	468	904
Mississippi	185	395	765
North Carolina	186	442	814
South Carolina	167	481	815
Tennessee	233	545	1,011
Texas	256	765	1,277
Virginia	236	569	1,041

Source: JOE et. al, "The Poor: Profiles of Families in Poverty," University of Chicago: The Center for the Study of Welfare Polic

While Medicaid recipients' health care generally cost less than the average American's expenses for health care, the recipie are among those whose health status is worse and needs for health care are the most pronounced. A national survey in 1972, for example, examined infant mortality rates and found

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[1] This comparison cannot be precise because of the different fact used to compute each per capita costs; nevertheless, the figures are probable indications of the actual costs per person.

Chart #15

Percentage of AFDC Funds in States as Federal Funds, 1980

State	Percent of Total AFDC As Federal Funds
Alabama	73%
Arkansas	72%
Florida	57%
Georgia	66%
Louisiana	71%
Mississippi	78%
North Carolina	68%
South Carolina	74%
Tennessee	69%
Texas	68%
Virginia	57%
Average United States	54%

SOURCE: Congressional Research Service, "Welfare Background Paper on Selected Major Programs," May, 1981.

Mr. **Rangel**. Thank you, Ms. Rogers. What is a missioner?

Ms. **Rogers**. An urban missioner is a person who goes out among the people on the street and tries to ascertain what the mood of the community is, what the needs are. The Richmond Urban Insitute is an entity which set out to accomplish three specific goals: to advocate on behalf of the unheard or the poor; to arouse the community conscience to those needs which need to be addressed if we are to live together in peace and harmony; and to mediate among conflicting groups.

Mr. **Rangel**. How is it funded?

Ms. **Rogers**. It is funded, in part, by two challenge grants, one from St. Paul's Episcopal Church, decreasing over a 5-year period; and one from a foundation in Arkansas known as the Englewood Foundation. We are expected in our third year of operation to make up the decrease by donations from churches in the Richmond area as a testimony to our ability to achieve our mission.

Mr. **Rangel**. Thank you.

Ms. Pizzo.

STATEMENT OF PEGGY PIZZO, FORMER ASSISTANT DIRECTOR, DOMESTIC POLICY STAFF, THE WHITE HOUSE

Ms. **Pizzo**. Congressman Rangel, Mr. Miller, as another mother I must just take a few seconds to compose myself, hearing this mother's testimony. It is very moving.

I am pleased to testify on this occasion and am especially pleased that thoughtful, conscientious policymakers, such as the two of you and others, are engaged in honest and open inquiry into the consequences of the Omnibus Budget Reconciliation Act of 1981.

My name is Peggy Pizzo. I have had the honor of consulting with this committee and its staff on many occasions when I served on the White House domestic policy staff under the direction of Stuart Eizenstat. I worked on child care and other human services for Mr. Eizenstat. Previously, I had been special assistant to the Commissioner for the Administration for Children, Youth, and Families in the Department of Health and Human Services. Prior to that I had about 12 years' experience in both actual hands-on work in a variety of children's services, including child daycare, and a national nonprofit organization concerned with child care, and other children's services.

I too am a parent who has helped to develop several economically and ethnically integrated child care programs for my own children and neighbors and colleagues, and I should say that my own two daughters have great-grandparents who were able to lift their families out of poverty in no small measure because of the availability of child care.

Twelve months ago the administration said, and I quote from the program for economic recovery, entitled "America's New Beginning": "Once again economic choices involving working, saving, and investment will be based primarily upon the prospect for real rewards for those productive activities which improve the truly economic well-being of our citizens."

This hopeful promise must seem bitter indeed to the hard-working employed poor families whose industry and productive activities will be punished by the Budget Act of 1981.

My remarks today will be confined to the field of child daycare, where the budget cuts have had a devastating, obvious negative impact on at least one distinct group within the American population. This is the group of breadwinners making at or near the minimum wage. These are citizens who do the hard, physically demanding, or tedious work that no one else wants to do, pushing themselves to greater and greater sacrifice in the increasingly desperate hope that the future will hold better opportunities for their children.

Here is how the Federal Government rewarded them for industry and productive activity last year.

Working families trying to work out of welfare have had the safety net pulled abruptly from beneath them. New federally mandated AFDC eligibility caps, for example, means that in states where the standard of need has been historically maintained at the lowest levels—Texas, North Carolina, and Tennessee—once the before tax of a working welfare mother with three children reaches between $70 and $80 a week—that is, between $17.50 and $20 per family member per week—that family is cut off from even the smallest cash assistance to the household income.

In seven other States—Alabama, Florida, Georgia, Kentucky, Mississippi, New Mexico, and South Carolina—this same cut will occur if a working welfare mother with before tax weekly income reaches $100.

Families with working parents, either struggling to work out of welfare or to keep off welfare, had their children's day care services closed down.

The largest source of direct funds for day care, title XX under the Social Security Act, lost $700 million last year. At least 150,000 families—that is about 1 in every 7 families using a title XX funded child care program—can be expected to be removed from day care this year.

Next year, if the Congress accepts the administration's proposed title XX cuts of more than $400 million for 1983, an additional 100,000 families can be estimated to have their child care eliminated. This will bring the total cost close to 1 in every 3 children of the children who were served by title XX child care in 1980.

Looking ahead, we can expect that working-class families who have nothing to do with welfare and have never had anything to do with welfare will also be hurt, as child care programs which consciously promoted economic integration have to shut down. In the late 1970's many of the 18,000 daycare centers in the United States arranged their fee scales so that working- and middle-class families paid partial or full child care fees, depending upon the family's ability to pay.

Day care centers participating in title XX especially used sliding-fee scales to encourage working-class families to purchase child care at affordable prices in centers where their poorer employed neighbors also sent their children assisted by title XX. Without the stable core of Title XX support, many of the 8,100 child care centers which participated in title XX—and pioneered the public/private sector cooperation we all talk about now—may well have to close completely. Thus, at a time when maternal employment is increasing, child care opportunities for working-class families can be expected to decrease.

Second, small children will be abandoned to fend for themselves during the day by parents unable to find or afford child care. During the 1970's studies reported about 2 million young schoolage children unsupervised by any adult after school, and 32,000 children under the age of 6 uncared for by any adult while their parents were at their jobs.

A recent item in the Washington Post described a new soup kitchen in our nation's capital, one for destitute children under the age of 12. This charity recently served a 17-month-old brought in by a child of about 3 or 4 years old. Ironically, this soup kitchen, designed to offer at least some food to hungry small children wandering the streets during the day, is housed in what was once a day care center.

Third, there will be more fires in neighborhoods where populations of young children are home alone unsupervised. Studies in one major metropolitan area have shown that 1 in 6 fires are started by children alone in their homes. A recent TV newscast reported the experience of a mother in Michigan who left the children aged 6 and 8 alone while she worked. There was a serious fire. Fortunately, the children escaped unhurt, although the house was almost destroyed.

Fourth, more unemployment will result. In the mid-1970's almost 10,000 child care staff were paid for by CETA and other sources. In the wake of cutting CETA programs in half, many of these child care staff will lose their jobs. Additionally, other thousands of other child care workers whose wages were funded by title XX will become unemployed.

Fifth, unhealthy and unsafe conditions will surface in some child care programs. Children in child care need health examinations and immunizations, and the staff need basic training if the entire group of children is to be kept healthy. Small children are blithely unconscious of the ways in which they handle bodily excretions, and they have the ability and the propensity to spread infections of all kinds.

There have been reports, as you may know, of epidemics of hepatitis-A and other diseases in daycare centers that do not practice good health routines. These incidents are confined to a few day care centers at the present time. Infections can be prevented or controlled by adequate vaccination, careful preventive health examinations and staff training in essential basic child care routines.

However, last year the budget cuts resulted in a denial of preventive health services to an estimated 661,000 children, precisely the children of the working poor most likely to be in child care programs.

Immunization programs were cut, and a separate program which funded child care staff training under title XX was eliminated entirely.

Finally, and I know this is important to the both of you, more children will be separated from their families into foster care. I am sitting before two individuals who worked very hard for many years for the passage of the landmark Adoption Assistance and Child Welfare Act of 1980. Your struggles, in part, were to prevent family breakup and child abuse and neglect situations, wherever possible, through the use of preventive services such as protective day care.

A study, Congressman Rangel conducted in your home State of New York showed that child care programs were successful in reducing child abuse recidivism by 72 percent.

We know that the 1 million reported cases of child abuse and neglect can be expected to increase this year. Studies have shown that a rise in abuse is linked to rising unemployment.

But with an additional 1.5 million people unemployed this year, instead of an increase in day care placements for children at risk, there will be a decrease. With the closure of day care opportunities, more children at risk will have to be placed in foster care, precisely the momentum Congress wished to have reversed.

Congressman, I believe that one should not criticize without being constructive. I would like to offer a few proposals.

No. 1, the administration should, by action, not just by eloquent words, demonstrate for the Nation the private sector volunteer help to working parents that it believes so deeply in.

There are plenty of rather poorly paid working parents typing the policy proposals, staffing the cafeteria, and answering phones in the Old Executive Office Building. Several of them approached me personally when I worked on child care policy issues to ask whether a child care center could be developed for White House employees. Right down the hall from my old office there is a large substantial room rather near to what is now Mr. Stockman's office.

I suggest this space be donated for use as a child care center. It should accommodate about 15 or 16 3- and 4-year-olds. Given that the administration is so enthusiastic about volunteers, I suggest that the President ask the White House staff to volunteer to care for these children. Food can be donated from the White House mess where the taxpayer now partially subsidizes meals for senior White House staff.

On occasion, White House limousines, also subsidized for use by senior staff, sit idle in the inner courtyards of the EOB. Perhaps a field trip to the zoo might be planned around days when those limousines could be donated for a few hours' use. Perhaps Mr. Stockman might even like to go along.

Turning to more specific budget proposals, there should not be one more dollar cut from any program serving the child care needs of the working poor. The children's defense fund has published in this excellent document analyzing the budget, a section called Alternative Budget Options, based on Congressional Budget Office figures for current tax expenditure programs.

They note CBO has reported that $465 million is expended supporting the manufacturers of such exhaustible resources as sand, gravel, and clam shells. Let us reward the industry of the working poor and demonstrate prudent investment. Finance that additional $400 million that the administration wants to take out of programs like title XX child care by expecting the sand, gravel, and clam shell industries to engage in authentic free enterprise.

It is a cold, cruel, competitive world out there, I agree. But I would rather see manufacturers wandering around in it than small children.

Next, we should redesign the child care tax credit so that working parents can take a 50 percent refundable credit on their child care expenses. In 1980 the cost of this measure was estimated by Ways and Means Committee staff as slightly more than a billion dollars.

The Congressional Budget Office estimated in 1981 that oil depletion and expensing breaks now cost the taxpayer about $4.3 billion in foregone Treasury revenues. Oil has been decontrolled and the industry has seen several years of substantial profit. If this tax break were scaled back even 25 percent, we could finance a child care tax credit with some meaning to it.

By all means, Congress should continue to invest Federal funds in some of the most cost-effective successful Federal programs the Nation has, despite what Mr. Stockman thinks. Head Start is worth every dollar invested in it. Medicaid, where the average per child expenditure is less than a dollar a day, finances preventive health care services that will pay for themselves.

WIC, the special food supplement program, is worth in its prenatal component alone a $3 return for every dollar invested. And the adoption assistance and child welfare program, which you worked so hard to get enacted, will more than pay for itself once it is implemented.

Finally—I hope the mother and colleague sitting next to me will join me in this—I hope you will resoundingly reject any proposal to coerce mothers of small children into forced labor outside the home. The Federal Government, as the President emphasized in recent weeks, should not act as a wedge between parent and child. Workfare, forced work, wedges mothers involuntarily away from the care of their children in order to work off their assistance grants. It has no place in a decent society.

Work opportunity for mothers on welfare and for all American citizens should be increased. But basic decisions about children, including a mother's decision to seek employment, are the prerogative of the family, not the Federal Government.

[The prepared statement follows:]

STATEMENT OF PEGGY PIZZO, FORMER ASSISTANT DIRECTOR, DOMESTIC POLICY STAFF, THE WHITE HOUSE

Representative Rangel, Representative Waxman, Members of the subcommittees on Oversight and on Health and the Environment, I am pleased to testify on this important occasion—and I am especially pleased that thoughtful, conscientious policymakers are engaged in such honest and open inquiry into the consequences of the Omnibus Budget Reconciliation Act of 1981.

My name is Peggy Pizzo. I have had the honor of consulting with this committee and its staff on many occasions when I served on the White House Domestic Policy staff under the direction of Stuart Eizenstat. I worked on child care and other human services for Mr. Eizenstat. Previously I had been Special Assistant to the Commissioner of the Administration for Children, Youth and Families in the Department of Health and Human Services. Prior to that, I had about twelve years experience in both acutal hands-on work in a variety of children's services (including child day care) and in national nonprofit organizations concerned with child care and other children's services. I am a parent who has helped to develop several economically and ethnically integrated child care programs for my own children and those of neighbors and colleagues.

THE ECONOMIC RECOVERY PROGRAM AND THE 1982 OMNIBUS BUDGET RECONCILIATION ACT

Twelve months ago, the Administration said: and I quote from the Program for Economic Recovery, entitled America's New Beginning:

"Once again economic choices—involving working, saving and investment—will be based primarily on the prospect for real rewards for those productive activities which improve the true economic well-being of our citizens."

This hopeful promise must seem bitter indeed to the hard-working, employed poor families whose industry and productive activity was punished by the Budget Act of 1981.

In child care, the budget cuts have had a devastating obvious negative impact on at least one distinct group within the American population.

This is the group of breadwinners making at or near the minimum wage. These are citizens who do the hard, physically demanding or tedious work that no one else wants to do, pushing themselves into greater and greater sacrifice in the increasingly desperate hope that the future will hold better opportunities for their children. These are families with years of arduous struggle either to stay off AFDC or to work their way out of the welfare system forever.

Here's how the Federal government "rewarded" them for their industry and productive activity last year:

Working families trying to work out of welfare had the safety net pulled abrubtly from beneath them. New federally mandated AFDC eligibility caps, for example, means that in states where the standard of need has been historically maintained at the lowest levels—Texas, North Carolina, and Tennessee—once the before tax income of a working welfare mother with three children reaches between $70-80 per week (between $17.50 and $20 per family member per week) that family is cut off from even the smallest cash assistance to the household income. In 7 other states—Alabama, Florida, Georgia, Kentucky, Mississippi, New Mexico and South Carolina—this same cutoff will occur if a working welfare mother's before tax weekly income reaches, $100, or $25 per family member.

Families with working parents either struggling to work out of welfare or to keep off welfare had their children's day care services closed down. The largest source of direct funds for day care—Title XX of the Social Security Act—lost $700 million last year. At least 150,000 families—close to one in every seven families using a Title XX funded child care program can be expected to be removed from day care this year alone. Next year, if the Congress accepts the Administration's proposed Title XX cuts of more than $400 million for 1983, an additional 100,000 families can be estimated to have their child care eliminated. If Congress permits this to happen, this would bring the total loss close to 1 in every 3 of the children who were in these child care programs in 1980.

Looking ahead, in the months to come, we can expect that:

Working class familes will also be hurt as child care programs which consciously promoted economic integration have to shut down. In the late 1970's many of the 18,000 day care centers in the United States arranged their fee scales so that the working and middle class families paid partial or full child care fees, depending on ability to pay. Day care centers participating in Title XX especially used these sliding scale fees to encourage working class families to purchase child care at affordable prices in centers where their poorer employed neighbors, assisted by Title XX, also sent their children. In lower income neighborhoods, without the stable core of Title XX support many of the 8,100 child care centers which pioneered the public—private sector cooperation we all talk about now may well have to close completely. Thus at a time when maternal employment is increasing, child care center opportunities for working class families can be expected to decrease.

Small children will be abandoned, to fend for themselves during the day, by parents usable to find or afford child care. During the 70's studies reported about 2 million young school age children unsupervised by any adult after school and 32,000 children under the age of six uncared for by any adult while their parents were at their jobs. A recent item in the Washington Post described a new soup kitchen in our Nation's Capitol—one for destitute children under the age of twelve. This charity recently served a 17 month old brought in by a child about 3 or 4 years old. Ironically this soup kitchen, designed to offer at least some food to hungry small children wandering the streets during the day, is housed in what was once a day care center.

There will be more fires in neighborhoods where population of young children are home alone, unsupervised. Studies in one major metropolitan area have shown that 1 in 6 fires are started by children alone in their homes. A recent TV newscast reported the experience of a mother in Michigan who left her children aged 6 and 8 alone while she worked. There was a serious fire; fortunately the children escaped unhurt, although the house was almost destroyed.

More unemployment will result. In the mid-seventies almost 10,000 child care staff were paid for by CETA and other sources. In the wake of cutting the CETA programs in half, many of these child care staff will lose their jobs. Additionally, other thousands of child care workers, whose wages were funded by Title XX, will become unemployed.

Unhealthy and unsafe conditions will surface in some child care programs. Children in child care need health examinations and immunizations—and the staff need basic training—if the entire group of children is be kept healthy. Small children, blithely unconscious of the ways in which they handle bodily excretions, have the ability—and the propensity—to spread infections of all kinds. These infections can be prevented or controlled by adequate vaccination, careful preventive health examinations and staff training in essential basic child care routines. However, last year, the budget cuts resulted in denial of preventive health services to an estimated 661,000 children—precisely the children of the working poor most likely to be in child care programs. Immunization programs were cut. And a separate program which funded child care staff training under Title XX was eliminated entirely.

More children will be separated from their families into foster care. One intent of the Congress of the United States, in the 1975 passage of Title XX and especially in the 1980 passage of the Adoption Assistance and Child Welfare Act was to prevent family breakup in child abuse and neglect situations, wherever possible, through the use of such preventive services as protective day care. A study conducted in your own home state of New York showed that child care programs were successful in reducing child abuse recidivism by 72 percent.

Congressman Rangel, you and many others, representing broad bipartisan agreement, struggled hard to enact the landmark 1980 law. We know that the one million reported cases of child abuse and neglect can be expected to increase this year; studies have showed that a rise in abuse in linked to rising unemployment. But, with an additional one and a half million people unemployed this year, instead of an increase in day care placements for children at risk, there will be a decrease. With the closure of day care opportunities more children at risk will have to be placed in foster care—precisely the momentum Congress wished to have reversed.

Congressmen, I believe that one should not criticize without being constructive. Therefore I would like to offer the following proposals:

1. The Administration should by action, not just by eloquent words, demonstrate for the Nation the private sector/volunteer help to working parents that it believes so deeply in. There are plenty of rather poorly paid working parents typing the policy proposals, staffing the cafeteria, answering phones in the Old Executive Office Building. Several of them approached me personally when I worked on child care policy issues to inquire whether a child care center could be developed for White House employees. Right down the hall from my old office, there is a large substantial room, rather near to what is now Mr. Stockman's office. I suggest this space be donated, for use as a child care center. It should accomodate abut 15 or 16 three and four year olds. Given that the Administration is so enthusiastic about volunteers, I suggest that the President ask the White House staff to volunteer to care for these children. Food can be donated from the White House mess where the taxpayer now partially subsidizes meals for senior White House staff. On occasion, White House limousines, also subsidized for use by senior staff, sit idle in the inner court yards of the EOB. Perhaps a field trip to the Zoo might be planned around days when White House limousines could be donated for a few hours' use. Mr. Stockman might even like to go along.

Turning to more specific budget proposals:

2. There should not be one more dollar cut from any program serving the child care needs of the working poor. The Children's Defense Fund Alternative Budget otions, based on Congressional Budget Office figures for current tax expenditures programs, notes that $465 million is expended supporting the manufactures of such "exhaustible resources" as sand, gravel and clamshells. Let's reward the industry of the working poor and demonstrate prudent investment: finance the $400 additional million that the Administration wants to take out of programs like Title XX child care by expecting the sand, gravel and clamshell industries to engage in authentic free enterprise.

3. We should redesign the child care tax credit so that working parents can take a 50 percent refundable credit on their child care expenses. In 1980, the cost of this measure was estimated by Ways and Means Committee staff at slightly more than a billion dollars. The Congressional Budget Office estimated in 1981 that oil depletion

and expensing breaks now cost the taxpayer about $4.3 billion in foregone Treasury revenues. Oil has been decontrolled and the industry has seen several years of substantial profit; if this tax break were scaled back even 25 percent we could finance a child care tax credit with some meaning to it.

4. By all means Congress should continue to invest federal funds in some of the most cost-effective successful federal programs the Nation has, despite what Mr. Stockman thinks. Head Start prevents later expensive education costs; it's worth every dollar invested in it. Medicaid—where the average per child expenditure is less than a dollar a day—finances preventive health care services that will reduce higher costs in treating illness. WIC, the special food supplement program, is worth in its prenatal component alone a three dollar return for every dollar invested. The Adoption Assistance and Child Welfare program will more than pay for itself once it's implemented.

5. Finally, I hope you will resoundingly reject any proposal to coerce mothers of small children into forced labor outside the home. The federal government, as the President emphasized in recent weeks, should not act as a wedge between parent and child. Workfare wedges mothers involuntarily away from the care of their children in order to "work off" their assistance grants. It has no place in a decent society. Work opportunity for mothers on welfare—and for all American citizens—should be increased. But basic decisions about children—including a mother's decision to seek employment—are the prerogative of the family, not the Federal government.

Mr. Rangel. Mr. Miller.

Mr. Miller. Thank you very much for your testimony.

Let me just ask you. You said that your calculations are that if title XX, if the cuts are sustained, that the President has given the Congress this year, you are talking about a loss of another 100,000 children in day care?

Ms. Pizzo. Yes. Generally, child care expenditures over the last 6 or 7 years have been allocated by the States in such a way that about 25 percent goes for child day care. With a $400 million cut, we could expect that at least $100 million would be removed by the States from child care programs, and that would mean a loss of about 100,000 children.

Mr. Miller. You said at that point we have eliminated one in three children that were in child care programs?

Ms. Pizzo. Yes. The numbers, of course, change from quarter to quarter. But there were about 750,000 children in day care in 1980. You see, Congressman, there is a lot of talk about massive Federal involvement in child day care. But really, the Federal Govermment directly helped only about 900,000 children per year with child care funds, primarily from title XX and WIN. And that is out of a population of 64 million children in the United States.

Mr. Miller. I see. Thank you.

Ms. Rogers, I guess you were talking about the effort undertaken by the program like the Richmond Urban Institute will not work. Is that becuse you do not believe that over this 3-year period of time that you will secure the resources necessary to continue, or that it cannot work in a generic sense because it is not the right way to approach the problems?

Ms. Rogers. Both, because of the 3-year period we are already into the third year of the 3-year period. And also because I have attempted similar efforts, not only in Virginia and other places in Virginia, but also in New York City and in Connecticut. And the fact of the matter is they rely totally upon the philanthropy of private enterprise. Let us face it, business is in business to make money, not to give it away.

Mr. Miller. That is very succinct. Thank you.

Mr. **Rangel**. We thank both of you for your testimony and for staying involved where so many people are running away from the problem. Good luck on your book.

Ms. **Rogers**. Thank you.

Mr. **Rangel**. The foster care panel: Jack Calhoun, director for the center of governmental affairs of the Child Care League, Washington, D.C.; and Laurie Flynn, chairwoman of the North American Council on Adoptable Children of Washington.

Mr. Calhoun, you may proceed.

STATEMENT OF JOHN A. CALHOUN III, DIRECTOR, CENTER FOR GOVERNMENTAL AFFAIRS, CHILD WELFARE LEAGUE OF AMERICA, INC.

Mr. **Calhoun**. Thank you. I am absolutely delighted with your initiative and Mr. Miller's in holding these hearings. You are involved a bit in a lonely struggle, as you well know. This room, I think, was packed when they were hearing the windfall profits business, and I think this is probably a rather dramatic and cold symbol of what is going on. But we hope, through your initiative and these hearings and George's wonderful work, that we can really progress.

I have a very thick, chart-laden testimony, which I will abridge as we go along. I will not hobble you with a lot of material, much of which you have heard this morning.

Mr. **Rangel**. Your full statement will be entered into the record.

Mr. **Calhoun**. Thank you, sir.

I was previously commissioner of the administration for children, youth and families under the previous administration, and worked for years as commissioner of youth services in Massachusetts, so I am quite familiar with what is going on as I have dealt with these issues a great deal in the past. I now represent the league, whose member agencies serve children in a full range of capacities from adoption and foster care through day care. The league represents well over 1,600 agencies and affiliates.

I want to touch briefly on three things: AFDC, title XX, and the new law again in danger, Public Law 96-272.

CBO, as you have probably seen this morning, has issued a detailed report showing that as a result of the administration's program, that families with the least incomes will lose the most, while the families with the most will gain the most.

This has been corroborated by Tom Joe at the University of Chicago's Center for the Study of Social Policy, where he has found some rather dramatic results. One, after last year's cuts, AFDC working mothers were pushed below the poverty line in every State. Under the new proposals they will be dropped to 85 percent of the poverty line or below.

Two, for most AFDC working mothers, each additional dollar they earn after their first 4 months on the job will result in a net gain of 1 penny; 99 cents will be taxed away through reductions in AFDC, food stamp benefits, increases in social security, and payroll taxes. One penny.

AFDC working mothers will actually lose in some States—in California they will lose $1.32 for each additional dollar earned, ending up with a net loss of 32 cents. All this from a prowork administration.

In terms of child care support, Ms. Pizzo and others this morning have pointed out what further cutbacks in social services will do in terms of those centers which serve as another support for working mothers.

Tom Joe's conclusion is dramatic and sobering to consider:

> Federal AFDC And food stamp benefits are far higher for a family that does not work than for a family that has some earnings, and therefore qualifies for smaller welfare and food stamp benefits. When the work disincentives in the AFDC/food stamp/Medicaid system become too great and fewer persons work, much of the saving that Congress thought it was achieving disappear, and federal costs for AFDC and food stamp benefits for an average AFDC working family averaged $189 a month prior to last year's changes.
>
> Federal costs for a family that does not work would be $279 a month. Each time an AFDC mother chooses not to work because of the new disincentives, the federal cost to support her family are 47 percent higher than if she had taken a job.

The final policy consideration—and this has intrigued me a great deal in terms of the undergirding of our social policy considerations—it is important to remark on the character of programs for children. Those for kids are means-tested and not universal, for example, AFDC versus veterans benefits.

No. 2 programs for children are not uniform across the Nation. For example, AFDC versus SSI. Consider the income support levels: In Texas, $1.19 per day per child in AFDC support; in Mississippi, 99 cents. The highest in the Nation is $4.21.

Critical policy issues are being raised by all of you about why no large-scale social program exists for children. You look at well over 60 countries, all the industrialized nations, plus some developing countries such as Upper Volta, and you will find child allowances, a national health insurance policy, and protection for mothers who work when they have babies.

Why do we have policies for children in this country that are so dramatically different? Public Law 96-272, and you have heard much about it today, enacted by 402 to 2 vote here in this Chamber and unanimously in the Senate, is up for repeal again.

The money case is quite dramatic. It is in my testimony, and again I will not wander through the numbers with you this morning. But there will virtually be no money left to do the critical family reconciliation and adoptive work that Congress wanted done.

During the 2d session of this 97th Congress a new child welfare bill is proposed which would eliminate and consolidate IV.B child welfare services, title IV.E foster care and title IV.E adoption assistance for special needs children. It would eliminate the individual entitlement. It would repeal IV.B, a program that Congress enacted along with the Social Security Act of 1935, and thereby breaking a social security promise made 50 years ago.

The block grant proposal cuts Federal funding by 47 percent in fiscal year 1983, 50 percent in 1984, as the charts will show. CBO estimates that there will be a bare $8 million left for the child welfare services proposed in the new law, as opposed to almost $200 million that Congress had recommended.

The administration is removing the incentives, the fiscal resources, and the feasibility embodied in Public Law 96-272 that

Congress so carefully crafted to enable children to grow up in loving families. They claim protection of this law. To me, by repealing, scrapping, and amending the law out of existence, it is a bit like saving a family by taking it from its current abode, moving it into a smaller home, and removing one child.

We are cheating these kids. We are taking away the Government's promise. And the program 96-272 works. I had a long conversation yesterday with the commissioner of human services in Maine, Michael Pettit. We talked about the increase in his parents anonymous chapters, the protection of children in foster care, the increase in adoptions, and so forth. It is working. If these moneys are not permitted, these changes will go under.

Under the social services block grant, approximately 62 percent of the program funds are expended for services to children and their families. A large percentage is for day care for lower income families. But combining AFDC, medicaid, food stamps, and CETA cuts, families will now have to make the most draconian of decisions—between eating, heating, transportation, and health care.

Again, the numbers are in my testimony about what this will mean State by State.

There is a recent study I commend to your attention. It was commissioned by the American Public Welfare Association to do an initial review about how States were reacting to the New Federalism and the cuts. It gives some fascinating and sobering vignettes State by State about what is happening.

For instance, California has reduced the number of social services programs by 40 percent, and modified 30 percent of those remaining. Colorado is transferring day care for employed AFDC recipients to IV.A. Iowa and New Hampshire plan to utilize title IV.B for title XX service components.

I want to conclude and concentrate on something which I do not think has been mentioned much this morning, Mr. Chairman. And that is, who will pick up the tab? Sifting through the rhetoric, you must clearly understand that there are entitlements in the new budget, entitlements for defense and for certain groups. Indeed, the helping hand can be called either "welfare" or a "tax deduction," depending upon where you sit or who gets the helping hand. Will the States pick up the fiscal slack? The answer is a resounding no. Even those five States last year which were in the black will not do it. Every other State, 45 are confronting modest or overwhelming deficits. I think Commissioner Blum this morning corroborated that fact.

Will business pick up the slack? Hear William Verity, chairman of Armco, "It is simply unrealistic to expect us to fill what is not just a gap but a chasm." Business gave $2.3 million last year, and if they doubled that to $4.6 million, it would still fall way short of the roughly $50 billion proposed in cuts.

For Lindsay Clark of the Wall Street Journal, most corporations are ill-equipped to do an especially wise job in the contributions area. "Wise companies will keep their eyes on their own corporate interests, and let their stockholders do their own giving."

Alan Pfeiffer is head of the Carnegie Corp. He is resigning. One of the reasons is that he wanted to spend almost full-time looking at the social policy for kids. He is extremely worried about the next generation. I believe you and Mr. Cosby this morning had a dialog about resources, children's resources, and investment in the next generation.

This is what Alan Pfeiffer says, corroborating what you talked about: "In 1950 there were 16 workers for every social security beneficiary. In 1980 the ratio dropped to 3-1. By the year 2010 the ratio will be 2-1. And we are not investing in these children. We must do everything in our power now to see that these children of today, the prime-age workers of 20 years from now, get off to the best possible start in life."

I think it is wonderful in your dialog this morning how Mr. Cosby pointed out that death is not just physical, it can be mental, psychological, the denial of aspirations.

Again, Pfeiffer: "If they become casualties, the loss is twofold. They fail to become productive citizens; they become an additional burden on what will already be an overburdened taxed generation."

As he says succinctly, "Too few will be supporting too many."

Two surprise sources I would like to quote from, one Michael Monro, president of Time, Inc.: "Children are vital to our future. We must help them get off to the best possible start in life, which means good schools, nutrition, housing, and stable homes. Yet, we are moving in the opposite direction and in the foreseeable future."

"That disturbs me, and I think it should disturb you."

And Norman Miller, chief of the Wall Street Journal's Washington office: "It is fundamentally unfair for the administration to concentrate almost exclusively on cutting assistance to the poor while simultaneously providing an excessive array of tax breaks to affluent persons and corporations."

I would like to close by just making a personal statement about what frightens me most about all of this. And that is, what I see, what I call an emerging social Darwinism—the claim that each State should and could do it all. I was speaking to a group in Arizona, including some legislators who were rather enthusiastic about some of this. And I said rather boldly to them that "you have a responsibility for the New York subway system because that subway system binds the New York community just as federally supported water projects bind your community."

I think it is frightening to assume that this country should back out and abdicate its responsibility. I have been in 23 States in the last 6 or 8 months. There is not a State picking up the fiscal gap. Their energies are focused on whom to cut, whom to feed, whom to innoculate, whom to serve.

That is where it is going. Do we want States scrambling to make decisions about who should raise taxes to support the continuation of these programs and find themselves at a disadvantage with other States who do not want to encourage businesses to relocate?

I sincerely hope we are not solely self-interested and we have not lost a notion of the common good, the common weal, and how absolutely dependent we are upon this next generation.

Again, reflecting upon your conversation this morning, Mr. Chairman, are these our values, not to innoculate, not to feed, to allow to be cold, to allow to be uneducated? I quote from Mr.

Cosby, fresh from a few hours ago: "I do not think this is the way America is supposed to be."

And finally—I have spoken too long—I would like to quote Congressman Ted Weiss, who spoke from the House floor the other day, saying, "On behalf of this Nation's single greatest resource, our 64 million children, it is they who will suffer most. This administration is determined to default on the Nation's social welfare programs."

He was right. The group that is being disentitled is none other than our next generation. Thank you.

[The prepared statement follows:]

STATEMENT OF JOHN A. CALHOUN, DIRECTOR OF THE CHILD WELFARE LEAGUE OF AMERICA, CENTER FOR GOVERNMENTAL AFFAIRS

I. Introduction

Mr. Chairman, I am John A. Calhoun, Director of the Child Welfare League of America, Center for Governmental Affairs. I was formerly Chief of the U.S. Children's Bureau, Commissioner of the Administration for Children, Youth and Families, and Commissioner of Youth Services for the state of Massachusetts. I wish to thank you for this opportunity to testify before you, and to commend you for taking the responsibility and the initiative for holding these hearings on behalf of our nation's vulnerable children.

The Child Welfare League of America was established in 1920 and is the only national voluntary membership and standard setting organization for child welfare agencies in the United States. Our agencies provide adoption services, day care, day treatment, foster care, institutional care, maternity home care, protective services, homemaker services, emergency shelter care, services for children in their own homes and services for children and families under stress. The League is a privately supported organization comprised of 400 child welfare agencies in North America whose efforts are directed to the improvement of care and services for children. The agencies affiliated with the League include all religious groups as well as non-sectarian public and private nonprofit agencies. Through the Office of Regional, Provincial and State Child Care Associations, the Child Welfare League also represents 1,600 child care agencies affiliated with 30 State Child Care Associations.

II. Overview

I will concentrate my remarks today on the programs contained in the Adoption Assistance and Child Welfare Act of 1980 (P.L. 96-272), the Title XX Social Services Block Grant, and Aid to Families with Dependent Children. But before I do that, I would like to make a few general comments about overall federal spending patterns, present and proposed, and about the policy assumptions undergirding them.

The President wishes to restore us to economic health. He wishes to trim bureaucratic fat and avoid duplication of effort. He wishes to release again the spirit of voluntarism. With these goals I agree. We need economic health. Most people accept the need for some equitable trimming of spending and modest tax cutting. However, it is a sad, clear fact that the brunt of the Administration's 1983 budget cuts will be borne by children, just as the FY 1982 budget cuts were.

A mere 18 percent of the federal government's transfer payments are for people with very limited, or no resources. Although these means-tested programs represent only 18 percent of the transfer payments, 60 percent of the FY 1983 budget cuts are targeted at these programs. These are the programs in which children represent well over half of the recipients. We protest the inherent unfairness of these budget cuts. The Administration's policies of redistribution of income from the poor to other segments of our society must not be allowed to continue.

The Administration's budget proposals for FY 1983 recommend large reductions in programs aimed at assisting the poor and disadvantaged. The following chart demonstrates certain program reductions enacted, and proposed, under this Administration.

SUMMARY OF THE PRESIDENT'S BUDGET PROPOSALS

	FY 1981	FY 1982	FY 1983
Child Welfare Block Grant	$522 million	$460 million*	$380 million
Title XX Social Services Block Grant	$2.9 billion	$2.4 billion	$1.9 billion
Aid to Families with Dependent Children	$7.0 billion	$7.1 billion	$5.7 billion
Medicaid	$16.8 billion	$17.8 billion	$17 billion
Food Stamps	$10.5 billion	$10.6 billion	$9.5 billion
Child Nutrition	$3.5 billion	$2.8 billion	$2.8 billion
Compensatory Education (Title I)	$3.1 billion	$2.9 billion	$1.9 billion
Education for Handicapped Children	$1.4 billion	$783 million	Block Grant
Juvenile Justice	$100 million	$70 million	0
Comprehensive Employment and Training Act (CETA)	$7.6 billion	$3 billion	$387 million
Work Incentive (WIN)	$365 million	$246 million	0
Head Start	$820 million	$912 million	$912 million
Runaway and Homeless Youth	$10.9 million	$10.5 million	$6.6 million
Child Abuse	$6.8 million	$6.7 million	$4.6 million

*plus $46.9 million CBO estimates will be required in a supplemental appropriation to meet foster care expenditures.

Even a primitive analysis of last year's activity and this year's proposals by the Administration reveals that the poor are getting poorer, and that the working poor can find safety only in dropping back to AFDC where they will be guaranteed Medicaid protection for their children. Poverty is again rising. Poverty may become a more permanent status as roads out are cut off, and children, the next generation, will be consigned to poverty as they were in the 1950's. Clearly, children and children's programs are being clobbered.

Consider:

- 750,000 pregnant women will become ineligible for federally-funded, prenatal nutrition programs.
- 100,000 families will no longer receive day care services -- services which allow parents to work.
- AFDC will again be cut, eligibility will be tightened, and struggling children and their families will be faced with the most draconian of decisions -- whether to pay for food or heat, whether to pay for housing or transportation to a job.
- One million school children will not receive meals in the Summer Feeding Program, now slated for elimination.

- Millions of children will have less medical attention.
- Millions of children will have less to eat because of eligibility changes and reductions in the number of meals in day care centers. Have we so quickly forgotten the distended bellies of some of our children only a little over a decade ago?

State officials are predicting that those working in marginal jobs will quit and choose AFDC in order to retain medical coverage. This fact was corroborated by Tom Joe, head of the University of Chicago's Center for the Study of Social Policy here in Washington D.C. Joe, a welfare expert, who worked in the Nixon administration, has concluded, "if the Reagan proposals go through, the cuts for the working poor would provide a clear disincentive to work. In 24 states a welfare mother with 2 children would end up getting more disposable income if she depended solely on welfare than if she went out and took (or kept) an average job...In New York, for example, the non-working family would get $508 as against $468" (WASHINGTON POST, February 25, 1982).

The effect of the Administration's new proposals in the food stamp and Aid to Families with Dependent Children (AFDC) programs -- when added to the effect of last year's reductions in these programs -- will be to push low income families deeper into poverty and virtually eliminate any incentives for welfare mothers to work. Joe's study further shows the effects on:

A. Work Incentives

- Before last year's changes, those AFDC mothers who went out and worked (and earned average wages for working AFDC mothers) were able to raise their disposable incomes to the poverty level in 29 states. After last year's cuts, average AFDC working mothers were pushed below the poverty line in every state. Under the new proposals, they would be dropped to 85 percent of the poverty line or below in every state.
- The new proposals would also discourage those who are working from working harder and increasing their earnings. For most AFDC working mothers, each additional dollar they earn after their first four months on the job will result in a net income gain of only one cent. Ninety-nine cents would be "taxed away" through reductions in AFDC and food stamp benefits and increases in Social Security and payroll taxes.
- AFDC working mothers in some states would end up with a net income loss if they earned more money. For example, working mothers in California would lose $1.32 for each additional dollar they earned -- ending up with a net loss of 32 cents.
- In Washington, AFDC working mothers earning $525 a month (which is below the minimum wage) would end up 30 cents worse off for each additional dollar they earn.
- In Louisiana and Georgia, a working mother earning $200 a month ends up 3 cents worse off if she earns an additional dollar.

- These extraordinarily high "combined marginal tax rates" destroy work incentives. They are contrary to the philosophy behind the major tax reductions for upper income individuals in last year's tax bill. Wealthy individuals in the highest tax brackets now retain at least 50 cents of each additional dollar they earn, a feature of the tax code designed to maintain incentives and spur productivity.

- These features of the new Administration's proposals run counter to statements made in prior years by David Stockman. In a 1978 article in the Journal of the Institute of Socioeconomic Studies, Stockman warned that welfare recipients needed to be able to keep more, not less, of each additional dollar they earned or else incentives to work would be undermined.

B. Medicaid

- The work disincentive features are further aggravated by the fact that in 20 states, those working families eliminated from the AFDC program also lose Medicaid coverage for themselves and their children. In these 20 states, Medicaid is restricted to those on AFDC or SSI. When working families stand to lose Medicaid coverage for their children because they work, and when their disposable incomes are not much higher than those on welfare who do not work, pressures to leave or decline jobs and go back on welfare intensify.

- The new budget proposals would exacerbate this situation by reducing the federal matching rate for the Medicaid costs of working poor families not on AFDC in those states that still cover these families. As a result of last year's substantial reductions in federal Medicaid funding, some of the remaining 30 states are already restricting or even planning to drop medical coverage for the working poor. If this new Medicaid reduction proposal by the Administration is added on top of last year's cuts, larger numbers of states are likely to begin reducing or terminating medical coverage for the working poor.

C. Child Care Support

- In addition to AFDC, food stamp and Medicaid cuts aimed at the working poor, work disincentive impacts are also beginning to result from sharp cuts in federal funding for day care services provided to low income working families. Last year, the Title XX social services program was reduced about 25 percent. Since day care expenditures were the largest budget item in Title XX, day care funding suffered a sharp cut (somewhere in the vicinity of $200-$300 million). The Child Care Food Program -- which helps defray the cost of meals provided to children at day care institutions and in which about 75 percent of the children are low income -- was cut 30 percent last year. Finally, the elimination of CETA public service jobs resulted in a loss of staff resources at large numbers of low income day care centers.

- The combined impact of these reducitions has been to force some day care centers to close, to lead others to reduce the number of children they can serve, and to lead many to raise day care fees. When any of these events occur, some low income working families are forced to pay more for child care services. The result is that the costs of working go up, and the gains from working diminish. This becomes one more factor eroding incentives to work.

- The new budget proposals contain further deep reductions in federal funding for low income child care servises. The social services block grant which has replaced Title XX would be cut another 30 percent. The child care food program would be placed in a block grant with an additional one-third funding reduction.

Joe concludes by stating that the proposed cuts in entitlements will fail to achieve anticipated savings.

- Because of the work disincentive impacts of the new proposals, they would not achieve the savings predicted by the Administration. Each time a mother leaves a job or fails to accept a job because of the built-in disincentives, there is a substantial increase in the federal government's costs. Federal AFDC and food stamp benefits are far higher for a family that does not work and has no other income than for a family that has some earnings, and therefore qualifies for smaller welfare and food stamp benefits. When the work disincentives in the AFDC/food stamp/Medicaid system become too great and fewer persons work, much of the savings the Congress thought it was achieving disappear, and federal costs actually increase rather than decrease.

- Federal costs for AFDC and food stamp benefits for an average AFDC working family averaged $189.80 a month, prior to last year's changes. The federal cost for a family that does not work would be $279 a month next year. Each time an AFDC mother chooses not to work because of the new disincentive features, federal costs to support her family are 47 pecent higher than if she had taken a job.

III. A Final Policy Consideration

It is important to remark upon the character of programs for children:

- Those for children are means tested and not universal (AFDC vs Veterans' Benefits);
- Not indexed to inflation (AFDC vs Social Security); and
- Not uniform across the nation (AFDC vs SSI).

Critical policy issues are raised regarding why no large scale social program exists in the United States for children analogous to Social Security for the elderly and disabled, and why cash and service programs for children and families tend to be less than adequate and more subject to state and local differences than assistance programs for the elderly. When over 60 countries in the industrialized world and certain third world countries have National Health Insurance, child allowances, and maternal and job protection for mothers, we must ask why policies for children have been so different in this country.

IV. P.L. 96-272 -- The Adoption Assistance and Child Welfare Act of 1980

Let us consider some of these programs more closely, specifically child welfare services and Title XX (now the Social Services Block Grant). After five years of intensive work, the Adoption Assistance and Child Welfare Act was signed into law on June 17, 1980. In this family support bill Congress established the principle of permanency for all vulnerable children in this country, children who have been years in out-of-home placements or bouncing from foster care placement to placement. Congress wanted these children returned and reconciled to their natural families or, given permanent adoptive homes. You collectively felt so strongly about this bill, that it became dramatically bi-partisan -- enacted by a 402 to 2 vote in the House, and a unanimous vote in the Senate. Yet, the Administration wishes to repeal P.L. 96-272.

The Administration's budget document gives this rationale for the elimination of P.L. 96-272 through the budget cutting, block-grant process: "Under the current system, States do not have the flexibility to direct their efforts to permanently place children rather than continue foster care arrangements." That statement is totally inaccurate. P.L. 96-272 specifically mandates prevention of unnecessary separation of the children from the parent(s); improved quality of care and services to children and their families; and permanency through reunification with parents or through adoption or other permanency planning. Specifically, Federal financial incentives are provided in order for States to:

- conduct an inventory of all children in foster care over six months;
- implement a statewide management information system on children in foster care;
- implement a case review system;
- implement a family reunification services program; and
- implement a preventive services program.

This new law is once again proposed for repeal by the Administration, has not had the opportunity to be fully implemented. It was proposed for repeal last year. But Congress did not agree. Instead, you reaffirmed your commitment to maintaining P.L. 96-272, providing necessary alternatives for children in need of services, by protecting the law and its funding levels in the Omnibus Budget Reconciliation Act.

Now during the second session of the 97th Congress a new Title IV-E Child Welfare Block Grant is proposed by the Administration which would eliminate and then consolidate Title IV-B Child Welfare Services, Child Welfare Training, Title IV-A/E Foster Care, and the Title IV-E Adoption Assistance program for special needs children. This proposal would eliminate the individual entitlement to care for special needs adoptive and foster children, and it would repeal the Title IV-B child welfare services program for vulnerable children that Congress enacted along with the Social Security Act back in 1935. It would break its social security promise made to certain children almost 50 years ago.

The authorization level for the proposed chld welfare block grant would only be $380 million for FY 1983 and thereafter. Since the program would only be authorized at that low level, and since lesser sums could be requested by the Administration and appropriated by Congress, States would never have a firm federal commitment to meet the most basic needs of our vulnerable children, much less support to improve the child welfare system.

The block grant proposal cuts federal funding by 47 percent in FY 1983 and 50 percent in FY 1984 as compared to full implementation of the provisions of P.L. 96-272 (see chart next page for funding levels of child welfare programs). With such a limited source of funding, States would be hard pressed to move children through the foster care system back into families. The Congressional Budget Office (CBO) estimates that $346 million will be needed to fund just the AFDC foster care program in FY 1982. Applying the Administration inflation rate of 7.5 percent to the AFDC foster care program provides a $372 million cost for FY 1983, assuming absolutely no increase in the demand for out of home care for needy children. Under the Administration's proposed block grant funding level, that would leave $8 million to provide the services necessary to move children through the system. It is inconceivable that family reunification and preventive services, adoption services and assistance could be provided for with such dramatic funding reductions.

The Administration is removing the incentives, the fiscal resources, and the flexibility embodied in P.L. 96-272 that Congress so carefully crafted to enable children to grow up in loving families. We must not turn back the clock and cut out the necessary alternatives to foster care. States must be able to provide a full complement of services, as contained in P.L. 96-272, which a block grant reduced by 47 percent will not allow them to do.

The Administration claims that to block grant child welfare programs actually protects it. The claim does not stand up under even the most rudimentary of examinations. Being saved and being seen as a "priority by the Administration actually means that the oldest protection for children, Title IV-B of the Social Security Act of 1935 and the newest law for children which I have just discussed, P.L. 96-272, would be repealed or amended out of existence and funding for child welfare services and child welfare training, adoption assistance, and foster care would be capped and cut by 47 percent below what Congress recommended in the law. It is a little like "saving a family by taking it from it current abode relocating it in a much smaller house and removing one child. So a law could be lost, a cost-effective and humane law. Congress is being asked to take a lot of money, and a lot of hope, away from kids and to renege on the nation's promise that kids in need of care are entitled to receive care. Add to this the cuts in the basic funding stream for social services for children and their families, the Title XX Social Services Block Grant, the cuts in AFDC and you have an abdication of children.

The reforms initiated by P.L. 96-272 grew out of substantial work by Members of Congress, child welfare service providers, child advocates, and researchers. The results are coming in. The program works. A demonstration project in San Mateo County, California, which was one of the prototypes for P.L. 96-272, adds significant credibility to the argument that the law works for children and that it can affect significant cost savings. Two million dollars was appropriated for services for four years on a demonstration basis to implement provisions similar to requirements in P.L. 96-272 with these impressive results:

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CHILD WELFARE SERVICES, FOSTER CARE, AND ADOPTION ASSISTANCE FUNDING LEVELS

(in millions - some figures are rounded)

	Title IV-B Services	Title IV-E/A AFDC-Foster Care	Title IV-E Adoption Assistance	Total	Percent Reduction from P.L. 96-272 Recommendations
P.L. 96-272 Expectation FY '81	$163.55(a) regular appropriation	$349 capped	$10 entitlement	$522.55	0
P.L. 96-272 Appropriation FY '81	163.55 regular appropriation	349 capped	10 entitlement	522.55	0
P.L. 96-272 Expectation FY '82	220 advanced funded	395 capped	10 entitlement	625	0
P.L. 96-272 Appropriation FY '82	153.326(b) not advanced funded	299 entitlement (345.9)(c)	5 entitlement	460.326 (504.226)(c)	26% (19%)(c)
P.L. 96-272 Expectation FY '83	266 advanced funded	434.5 capped	10 entitlement	710.5	0
Administration's FY '83 Proposed Child Welfare Block Grant	REPLACED BY NEW TITLE IV-E CHILD WELFARE BLOCK GRANT ALSO INCLUDES CHILD WELFARE TRAINING PROGRAM(d) Repealed	Amended no entitlement	Amended no entitlement	380.123	47%

(a) IV-B funding scheduled to shift to advanced funding mechanism in FY '81 for FY '82, and thereafter, appropriations.
(b) H.H.S. has cut approximately 4½% from IV-B appropriation level of $163.55 million.
(c) Supplemental appropriation will be required; CBO estimates $345.9 million will be needed to meet foster care expenditures.
(d) Child welfare training program funded at $5.2 million in FY '81 and $3.823 million in FY '82.

NOTE: FY '83 BLOCK GRANT PROPOSAL CUTS $124.103 MILLION (25%) FROM FY '82 FUNDING LEVEL, BASED ON ENTITLEMENT.

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COMPARISON OF P.L. 96-272 FULL IMPLEMENTATION FUNDING LEVELS WITH ADMINISTRATION'S CHILD WELFARE BLOCK GRANT PROPOSAL

(in millions - some figures are rounded)

	P.L. 96-272 Expectation(1)	Administration's Child Welfare Block Grant(2)	Percent Cut(3)	Dollars Cut(3)
FY '83	$710.5	$380	47%	$334.2
FY '84	$753.95	$380	50%	$377.6

1) Based on scheduled increases in IV-B child welfare services; IV-E foster care at anticipated capped levels; and assumed only $10 million for IV-E adoption assistance entitlement program. DOES NOT INCLUDE CHILD WELFARE TRAINING PROGRAM.
2) Authorization level; therefore, a lesser amount could be appropriated. Child welfare training program included ($3.823 million in FY '82).
3) Child welfare training funds factored into cut.

CUMULATIVE LOSS OF FUNDING TO IMPLEMENT P.L. 96-272 REFORMS UNDER CURRENT TITLE XX BLOCK GRANT AND ADMINISTRATION PROPOSED CHILD WELFARE BLOCK GRANT

(in millions)

	Title XX Dollars Cut	Child Welfare Block Grant Cut	Cumulative Loss
FY '83	$749	$334.2	$1,083.2
FY '84	799	377.65	1,176.65

CUMULATIVE LOSS OF FUNDING TO IMPLEMENT P.L. 96-272 REFORMS UNDER ADMINISTRATION PROPOSED FY '83 BUDGET FOR TITLE XX AND CHILD WELFARE BLOCK GRANT

(in millions - some figures are rounded)

	Proposed Title XX Dollars Cut Since August 1981*	Proposed Child Welfare Block Grant Cut	Cumulative Dollar Loss
FY '83	$1,225	$334.2	$1,559.2
FY '84	1,325	377.65	1,702.65

* Does not include funding loss due to zero budget in FY '83 for WIN programs which may be provided under Title XX (WIN funded at $365 million in FY '81, $256 million in FY '82).

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- the number of dependent children in out-of-home care was reduced by 33 percent countywide, and caseloads decreased 2 percent;
- the average length of time a dependent child remained in out-of-home care was reduced by 45 percent;
- the majority of children served have remained at home or have been returned home within 24 months.

V. Title XX Social Services Block Grant

As part of President Nixon's "new federalism", federal programs for social services were consolidated under Title XX of the Social Security Act as a capped block grant program administered by the states in 1975. With a federal funding ceiling of $2.5 billion and a 25 percent matching requirement, all social service programs formerly under AFDC and aid to the aging, blind and disabled (Titles I, IV-A, X, XIV and XVI of the Social Security Act) became a single block grant to states. Social services were separated from income maintenance and assigned a primary goal of reducing dependency and promoting self sufficiency. States were given responsibility for determining their own social services needs and for allocating resources to provide soical services, with a condition that there be broad public participation in this decision-making process.

This program is the principal Federal funding source for the full range of social services as determined by the State. Services are to be directed toward five goals: 1) self-support; 2) self-sufficiency; 3) prevention and remedy of neglect, abuse or exploitation of children or adults and preservation of families; 4) prevention of inappropriate institutional care through community based programs; and 5) provision of institutional care where appropriate.

Approximately 62 percent of the program funds are expended for services to children and their families. A large percentage of day care for low-income families, which enables parents to work, is provided under Title XX. Increased demand on services offered under the Title XX program is expected once the impact of other reductions in programs like AFDC, Medicaid, food stamps, housing, CETA, and low-income energy assistance is felt. Additionally, substantial funding cuts have strained the States' ability to implement the bipartisan supported reforms contained in the Adoption Assistance and Child Welfare Act of 1980. Any further reduction in the Social Services Block Grant would prevent the States from meeting the requirements under P.L. 96-272 as we have discussed above.

Under the Omnibus Budget Reconciliation Act, the Title XX Block Grant was amended to incorporate social services, day care, state and local training, and social services for the territories into a new block grant program to the States. States were given increased flexibility within this new block grant. There is no longer a state match requrement, earmarking of specific funds for day care, nor targeting of funds toward low-income recipients. Funding was cut by 23 percnet for FY 1982. Under the Budget Reconcilation Act, funding for the Social Services Block Grant was reduced almost $700 million for FY 1982. The current funding level for FY 1982 is $2.4 billion as compared to the $3.099 billion it would have been before Reconciliation. The Office of Human Development Services estimated that, with inflation, $4.7 billion in federal funds would have been required to maintain FY 1980 social services at the level orginally funded with $2.5 billion when the Title XX program began in 1975. States have been coping with tight funding by reducing services, restricting eligibility, eliminating services to less powerful political constituencies, and redeploying funds where possible.

The Administration has requested an additional 20 percent cut ($476 million) for the FY 1983 Title XX program. New language is proposed that would delete the incremental increases in funding for the program and would also allow Title IV-C Work Incentive Programs (WIN) and WIN demonstration projects to be provided for under Title XX although no additional revenues would be provided. WIN was funded at $365 million in FY 1981 and $256 million in FY 1982, zero funding is requested for FY 1983. The Administration budget request of $1.974 billion would be the total amount of federal funds available for Title XX including the WIN programs and demonstraton projects should States choose to continue those programs. The FY 1983 budget request represents a loss of $1.225 billion (a 38% cut) in federal dollars for Title XX just since August 1981 (see chart next page).

In order for States to plan their programs rationally and expend resources in a responsible manner, stabilization of federal funding is needed. States are still reeling from the impact of last year's budget cuts and will not be able to meet the needs of vulnerable children and their families or other individuals in need of services. In addition, various part of the state social service systems will begin to collapse.

Let's look at the cuts in Title XX:

- Ohio is facing a deficit of $1 billion over the next 17 months. Can Ohio afford a $32 million cut in FY '82, and a proposed $13.6 million cut in FY '83?
- can New York sustain a cut of $58.6 million in FY '82, and a proposed $22 million cut in FY '83?
- can California sustain a cut of $53 million in FY '82, and a proposed $30 million cut in FY '83?
- can Tennessee sustain a cut of $10.7 million in FY'82, and a proposed $5.8 million cut in FY '83?
- can Illinois sustain a cut of $32 million in FY '82, and an additional $14 million cut in FY '83?
- can Pennsylvania sustain a cut of $35 million in FY '82, and a proposed $15 million cut in FY '83?

The results are being felt. For State human service agencies, the issue is money, not New Federalism. So concludes the report, "A Study of the Implementation of the Social Service Block Grant in State Human Service Agencies with a Primary Focus on Ten Key Issue Areas," submitted to the Department of Health and Human Resources by the American Public Welfare Association. The states were polled to obtain information about how they are dealing with issues related to the implementation of the new social services block grant. Thirty-three states completed the questionnaire. The study reports some fascinating, if random, facts:

- California has reduced the number of social service programs by 40 percent and has modified 30 percent of those remaining.
- Idaho has identified three major service areas and plans to elminate one in its entirety rather than reduce services in each.
- Colorado is transferring day care for employed AFDC recipients to Title IV-A, and Rhode Island is considering such a shift.
- Iowa, New Hampshire, and North Carolina plan to utilize Title IV-B funds for Title XX service components.
- Providers in West Virginia will be asked to sustain cuts proportionate to departmental cuts.
- On the other hand, Kentucky and North Carolina are cancelling many service contracts.

Random facts notwithstanding, the study's conclusion is clear:

> "The most common and expected trend that appears in the state responses is the emphasis on how the states are absorbing the budget cuts in social services. Few comments are specifically directed at the new block grant mechanism itself."

VI.. Who Will Pick Up the Tab?

We must sift through the rhetoric and clearly understand that there are entitlements in this new budget — entitlements for defense — and tax breaks (protections) for certain groups. These entitlements are to be financed by disentitling other groups. Thus AFDC, Food Stamps, Medicaid, the Social Services Block Grant, etc. will again be slashed to finance defense and tax breaks.

Earlier philosophies of new federalism were political philosophies which provided sufficient amounts of revenues, collected from citizens, to allow the states to finance programs now funded out of Washington. This brand of new federalism is not a political philosophy. It is a revenue philosophy — dump certain costs elsewhere. TIME Magazine describes even Senator Charles Percy (R-Ill.) as wondering whether the Administration's real commitment is to new federalism or to budget-cutting and he asked, "Is this a pretext for budget-cutting?"

Will the states pick up the fiscal slack? The answer is a resounding NO. All states, except five, wound up in the red last year. And those few states in the black are refusing to bridge the fiscal gap. Forty-five states are confronting modest to overwhelming deficits.

Will business pick up the slack? C. William Verity, Jr., Chairman of Armco, Inc., and recently appointed chairman of the President's Task Force on Private Sector Initiative, said, "It is unrealistic to expect us to fill what is not just a gap but a chasm." Corporate philanthropy gave $2.3 billion in 1980. If they double their giving to $4.6 billion, they will still be roughly $50 billion short of what the Administration has cut.

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TITLE XX BLOCK GRANT FUNDING LEVELS*

(in billions - some figures are rounded)

	Statutory Ceilings in 1980 Child Welfare Act (P.L. 96-272)	Final FY'82 Budget Reconciliation Levels	Percent Cut	Dollars Cut
FY '82	3.099*	2.4	23%	.699
FY '83	3.199	2.45	23%	.749
FY '84	3.299	2.5	24%	.799
FY '85	3.399	2.6	24%	.799

* CBO FY '82 baseline data

COMPARISON OF CURRENT TITLE XX FUNDING LEVELS WITH FY '83 ADMINISTRATION BUDGET

(in billions - some figures are rounded)

	FY '82 Budget Reconciliation Level	FY '83 Administration Proposed Level*	Percent Cut	Dollars Cut
FY '83	$2.45	$1.974	20%	$.476
FY '84	2.5	1.974	21%	.526
FY '85	2.6	1.974	24%	.626

* Assumes Administration would continue to fund at FY '83 level. However, Administration is likely to propose futner cuts in the future.

NOTE: ADMINISTRATION PROPOSES THAT TITLE IV-C WORK INCENTIVE PROGRAMS (WIN) OR WIN DEMONSTRATION PROGRAMS MAY BE PROVIDED FOR UNDER TITLE XX PROGRAM ALTHOUGH NO ADDITIONAL REVENUES WOULD BE PROVIDED. WIN PROGRAM FUNDED AT $365 MILLION IN FY '81 AND $265 MILLION IN FY '82; FY '83 BUDGET REQUEST IS ZERO.

CUMULATIVE LOSS OF TITLE XX FUNDING SINCE AUGUST 1981

(in billions)

	FY '81 Statutory Ceilings	FY '82 Statutory Ceilings	FY '83 Administration Budget	Total Percent Cut	Total Dollars Cut
FY '83	$3.199	$2.45	$1.974	38%	$1.225
FY '84	3.299	2.5	1.974	40%	1.325
FY '85	3.399	2.6	1.974	42%	1.425

* Does not include funding loss due to zero budget for WIN programs in FY '83 and thereafter (WIN funded at $365 million in FY '81, $256 million in FY '82).

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Or hear Lindsay H. Clark, Jr. in the WALL STREET JOURNAL, February 2, 1982, "The business of business isn't charity. Most corporations are ill-equipped to do an especially wise job in this area and they know it...President Reagan can't count on a great deal of new help from the corporate community. The conference board survey released last week indicated that companies are unlikely to increase their contributions budget this year to fill the gap caused by cutbacks in Federal spending. Wise companies will keep their eyes on their corporate interests and, for the rest, let their stockholders do their own giving."

VII. Conclusion

Alan Pifer, however, outgoing president of the Carnegie Corporation of New York, is extremely worried about children, "In 1950 there were 16 workers for every Social Security beneficiary... In 1980 the ratio had dropped to 3 to 1. By the year 2010 if there are no changes in the Social Security system, the ratio will be 2 to 1...The nation must do everything in its power to see that today's children, the prime age workers of 20 years from now, get off to the best possible start in life... It is vital that these small cohorts not be depleted even further by casualties...youngsters who never acquire basic literacy, and numeracy skills, whose health is poor, who are malnourished, who are neglected, and who fall into delinquency. If they become casualties, the loss is twofold: they fail to become productive citizens, and they become an additional burden on what will already be an overtaxed generation.

In short, Pifer says that too few will be supporting too many. He exhorts us to think in terms of our national security, not simply in terms of weapons, but in terms of the quality of the nation's human resources, its morale and spirit. Pifer concludes, "the current move to cut the funding of social programs for children seems to me short-sighted and irresponsible in the extreme. Rather than reducing these services we should as a matter of national interest, and if you will of self-interest, be sharply augmenting them" ("The Environment for Human Services in the '80's").

Now I wish to share with you similar thoughts from two unlikely sources. The first quote is from J. Michael Monro, President of Time, Inc.:

> Combined with tax cuts that benefit mostly higher income people, this program adds up to a major redistribution of money in our society from the lower end to the upper end of the scale...The group that concerns me most is children, and families headed by women...We can't afford to let the productive potential of any of today's children languish because of our neglect...They are vital to our future and we should help them get the best possible start in life. That means good schools, good nutrition, health care, housing, and stable homes. Yet we're moving in the opposite direction now and in the foreseeable future. That disturbs me and I think it should disturb you." (NEW YORK TIMES, Sunday, November 15, 1981)

And hear what Norman Miller, chief of the WALL STREET JOURNAL's Washington Bureau has to say,

> "It is fundamentally unfair for the Administration to concentrate almost exclusively on cutting assistance to the poor while simultaneously providing an excessive array of tax breaks to affluent persons and corporations."

The Most Reverend Joseph M. Sullivan, Auxiliary Bishop of Brooklyn said it this way, "The poor have a right to have their minimum needs met before the less basic desires and wants of others are fulfilled." (Testimony before the House Committee on the Budget, February 22, 1982).

Should not this great nation be proud to help support its children, its future? Did this nation not pass the Interstate Commerce Act in 1887 after states had failed utterly to control the sprawling railroads? Did not the government step in to protect the weak, elderly, young, homeless and unemployed during the economic collapse of the 1930's? Would we dream of scrapping our centralized banking mechanism of the Federal Reserve System? Would we scrap our interstate highway system, our western water projects, TVA and protection of basic civil rights?

I personally am most worried about government abdication, and a potential state social Darwinism that could tear at this country's vitals.

Is the only role of the Federal government the national defense? Has not this country said that it stands to protect the poorest and the weakest? It must not turn its back on this commitment. The federal government is the moral court of last resort. This country's promise to shield the truly needy and weakest from hostile economic and social conditions. We are interdependent. If I am frightened by anything coming out of Washington today, I am most frightened by this state Social Darwinism -- the claim that states can and should do it all. No, our society is too complicated for that. Arizona does have a responsibility for the New York subway system, strange as it may sound. For that subway system binds the New York community just as federally supported water projects bind parts of the southwest.

If states alone have to bear the costs of helping low-income families, how will they manage during periods of economic decline or recessions which they cannot control and when the numbers of people needing help increases as revenues decrease. President Reagan has said that people can vote with their feet. However, I question how poor children and thir families unable to obtain the basic necessities in life could secure the the additional resources to enable them to move to a more benevolent state. This new federalism, would obliterate the principle of public policy in this country that has existed for longer than the average age of most members of Congress. This principle holds that there are some matters of national interest which must be pursued on a national level, and that there is a national interest in seeing that these matters are successfully pursued. It has been demonstrated that some social problems are so difficult that only the resources of the Federal government can have an impact on them.

It is one thing for states to compete for a formulated share of Federal progam dollars, but it is another matter to vigorously compete with other states and regions for sparse resources. Any state that makes a decision to raise taxes to support the continuation of these programs for children could find itself at a disadvantage with other states which choose to do less because they would likely encourage businesses and individuals to relocate elsewhere.

I sincerely hope that we are not wholly self-interested, that we have not lost the notion of the common good, and how absolutely dependent this nation is upon its youngest citizens.

I have spoken too long. I shall close with words from Congressman Ted Weiss (D-NY), who from the House floor requested a special dialogue "on behalf of this nation's single greatest resource, our 64 million children...It is they who will suffer the most from this Administration's determined assault on the nation's social welfare programs."

He is right. The group that is being disentitled is none other than the next generation.

Thank you.

Mr. **Rangel**. Thank you, Mr. Calhoun.

Ms. Flynn.

STATEMENT OF LAURIE FLYNN, CHAIRWOMAN, NORTH AMERICAN COUNCIL ON ADOPTABLE CHILDREN

Mr. **Flynn**. Yes, Mr. Chairman, Mr. Miller, I am honored to be here with you today, and I thank you for the opportunity to testify regarding the concern of the North American Council on Adoptable Children and the impact of the administration's proposed budget cuts on children.

I am Laurie Flynn of the North American Council. Our organization speaks for the right of every child to a permanent and loving family. Most of our work is accomplished through the volunteer activities of 460 local parent groups and involves about 25,000 families nationwide.

Like most all of our members, I am an adoptive parent. My husband and I have 12 children, 7 of whom we adopted with a variety of special needs. Members of our organization have a deep personal commitment to children without the security of a family and we have acted on that concern.

We have acted because we have seen in the lives of the children we adopted the enormous cost of the loneliness and despair that they have endured before coming to our families. So our volunteers focus most of their energy on these homeless children with special needs. Most of these children are known to this committee. They are over age 6, many suffer mental, physical, or emotional handicaps. They are members of minority races or cultures. They are groups of brothers and sisters who need to be placed together.

For too many years, these vulnerable children were considered unadoptable. Yet, parents whose lives have been enriched through adoption, have challenged that label. We know the special children are not so much unadoptable or hard to place as they are hard to adopt.

The difference is important, I think, to our discussion. There are many caring families in this country who respond to the needs of homeless children. We receive in our office every year over 10,000 inquiries from all over the country every time we publish the faces, the names, and the stories of youngsters who are waiting for families.

It is clear that we are being increasingly successful in our long effort to inform the public about special needs adoption and its joys and rewards. Yet, we find that even as there is a greater interest in these youngsters and a greater desire to parent them, many of the services necessary to their adoptive placement have been curtailed.

That is why we believe that special-needs children are not truly hard to place. The families do want them, but they are hard to adopt out of a byzantine system which too often loses track of them and does not know them by name.

Last year the administration moved to cut back two initiatives that would have helped bring children and families together. You have heard a good deal about Public Law 96-272, which I want to address in a moment. But I would also like to make you aware of a program that perhaps has less visibility in the Congress.

We are concerned about the essential repeal of title II of Public Law 95-266, which is the Adoption Opportunities Act. This program, which set up 10 regional adoption centers, has been a valuable catalyst for adoption services.

And perhaps most significantly to this hearing, these resource centers have coordinated a unique minigrant program which has enabled volunteer adoptive and foster parents to undertake a wide variety of new local initiatives for children without families. There are some tremendous accomplishments of these grassroots organizations, most of them working with grants averaging $1,500 per group.

Some of the kinds of activities they were able to undertake on behalf of homeless children include community-based recruitment, parent education to help make adoption successful, education of the community about the needs of children, Outreach to the minority community, and newspaper and television recruitment for special children.

They have become trained volunteers supplementing court and agency staff and have printed and distributed picturebooks showing the faces and the names of the youngsters who still wait.

There are many other kinds of efforts, perhaps most importantly, a great focus on developing parent resources in the minority community, as over half the children waiting for a family today are black, Hispanic, or native American.

We are very proud of this kind of local effort to strengthen the role of the volunteers and provide a focus on the adoptability of children with special needs.

The decision by the administration last year to consolidate this program means that many of these creative activities involving hundreds of local volunteer parents will be significantly reduced. We find this action difficult to understand, given the administration's stated policy of increasing and enhancing the role voluntarism plays in our society.

We feel it is very unfortunate that many of these local parents, working out of their homes with money simply to support their local activities will be less able now to serve when the needs are greater.

Vital as these volunteer initiatives have been, we are even more concerned about the impact on child welfare and child placement services that has already been seen and felt as a result of last year's massive cutbacks in social services.

In talking with members of our groups around the country, we find that last year's cutbacks have resulted in the reduction of staff in many States, and the elimination of programs that deserve better support. Let me give you some examples that we have gleaned in talking with some of our groups in the last couple of weeks.

In Idaho and Minnesota intake for subsidized adoption has been halted. In New Hampshire the State has reduced the number of adoption workers so now there is only one person serving the adoption needs of all the children in the State.

In Florida there has been a reduction in the amount of funds available for adoption subsidy, with the direct result that at least 12 children have been identified for adoption, but have not been placed because the funds are not available.

Also occurring in Florida is the possible elimination of the position of adoption exchange coordinator, a critical element in that this person provides visibility for children without families.

In New York we understand that agencies are facing a curtailment in the ability to purchase specialized adoption and recruitment services for the most severely handicapped and retarded children.

And it goes on and on. I think we are seeing a retreat on the local and State level, even as the Federal Government is pulling back. More children are coming into the system. There is less and less available to help them. All of this means that we are recruiting families for children who are waiting, and we know families are less able to be served. Many of them are telling us that when they go to the local agency for adoption home studies, they are unable to be served because there are no caseworkers to serve them.

For many years, adoptive parents and others have worked to change public and professional attitudes about special-needs children. We know these children can and should be placed with families, and agencies have learned the techniques necessary to permanency planning. Now we find that just as the foster care system is ready to commit itself to permanency planning on a wide scale, a lack of resources and the confusion and uncertainty about Federal support for these programs is dramatically slowing the momentum.

The whole issue of permanency planning has been addressed by this Congress through the passage of Public Law 96-272. This legislation provides leadership and assistance the States need in recruiting adoptive families for children and providing needed preventive and reunification services to families. Given the administration's stated concern for the strengthening of the American family, it is hard to understand why they once again ask the Congress to block grant and repeal this vital program.

Long-term unplanned foster care is an enormous national expense. It has become a national disgrace. We, who parent these youngsters, know the incredible damage done to a young child who is shifted from home to home and never really has a place to belong. Like all the others who have spoken today, I believe we cannot afford to retreat on this commitment. The States whom we are now to rely on have historically failed to provide the services children in foster care so urgently need.

The plight of these children has been well documented, and it should be seen as truly a national concern and addressed in a coordinated national effort.

Members of this committee have certainly acted in the best interests of children to continue their entitlement to quality foster care and adoption services. And we would urge you to consider the tremendous need, to stand firm, and maintain this entitlement in the face of the latest round of budget recommendations.

As Bill Cosby so eloquently said this morning, our children are truly our future. We must provide them that most basic building block of a good future, a family that they can belong to.

Oftentimes, when we have these hearings, children are presented in terms of statistics, numbers of children in foster care, and the dollars that are needed to serve them. I think it is important for everybody who has to make decisions to be able to focus on what all of this means to an individual child.

So, I would like to end by telling you about the circumstance of just one child who is caught now in a tragic situation. Her name is Camille. She is a child of age 6, whom I met a few months ago in North Carolina. Camille is a seriously handicapped child. She was released for adoption at birth. She has severe cerebral palsy and is confined to a special wheelchair. She is partially blind. She has a total hearing loss. She was found in an institution where she was, by far, the youngest inpatient at the age of 3, by a physician who was there to check the physical health of the other patients.

He advocated tirelessly for nearly a year that she be removed from the institution and placed in a family setting. Finally, he took her home himself. He and his wife became Camille's foster parents. I visited them in their home, and it is quite clear that she is loved by her foster brothers and sisters and is a source of a great deal of satisfaction and joy to this family.

Although Camille cannot speak, her love for her family is clearly communicated through her eyes and her constant smile. The devoted care that she has received in this family and the special education that they have found for her has enabled Camille to progress very rapidly, far beyond what anyone might have expected.

Not surprisingly, her foster family would like to adopt her, as indeed many foster parents would like to adopt children in their care. But she will need to have adoption subsidy to meet her long-term medical and educational needs. The State is unable to make that financial commitment because the parents exceed their income eligibility test, the means test that Jack Calhoun was talking about.

Her parents are afraid that someday the State will move to place Camille in an institution as she gets older. They are afraid they will lose this beloved child whom they have cared for. As a foster child, we remind you that her medical care is provided through medicaid. The implementation and the full funding of Public Law 96-272 could solve this dilemma. Camille's foster parents could adopt her and their child's medical coverage would continue as before.

The income test, which is so prevalent in many State adoption subsidy laws, would not apply as eligibility criteria for adoption assistance determination. Camille and her foster parents and siblings could become a truly forever family.

I wish the Members of the Congress and the members of the administration who make these decisions could meet Camille, or some of my children or some of the thousands of youngsters who need their attention. I am certain that if they could, they would agree that indeed no child is unadoptable, no child should be denied a chance at a normal family life, and that we really must continue and strengthen our Nation's commitment to making children a real priority in this country. Thank you.

Mr. **Rangel**. Thank you, Ms. Flynn.

You spoke about a coordinated national effort, and Ms. Edelman had talked about a conference that she recently held. Do you or Mr. Calhoun feel that there is a groundswell support for children?

Ms. **Flynn**. We are seeing it, Mr. Chairman. I am speaking from the perspective of an organization that is largely made up of parents, volunteers, who are bringing these children home. And I think they are very surprised at the impact of these cuts, and they are beginning to look for ways to make changes.

And certainly we have felt an increasing recognition of what these proposals mean to children.

Mr. **Rangel**. There are some supporters of these program cuts that would indicate that the only witnesses that we have are those whose job depended on the program and that the beneficiaries, the true interests are not represented. Obviously, and what Ms. Edelman is talking about, groups of citizens that are just concerned about the well-being of communities and indeed the Nation are now coming together in an effort to save some of these programs rather than merely the AMA coming out for reimbursement for doctors or the housing industry coming out for lower interest rates.

With the children we have not heard too many voices on their behalf. I was just wondering whether you had felt in the general community that there was any education being done or support being demonstrated by those who are not professional social workers or those who are not directly involved with the program.

Mr. **Calhoun**. I think it has begun, Mr. Chairman, if I may comment on that. I think one of the reasons is the delay between congressional action and what indeed actually happens out in the field.

I think the second factor is the shriveling of various organizations that serve kids and speak for kids. The voices to a degree are softer because there are fewer of them. So, I think, we have a rather subtle task. The pain is beginning to be felt. And we must find it and speak more loudly than we ever have. So, I think, it is the deferred impact of the cuts which are now just being felt. And, to speak in ways we may not have spoken before, to come together more, as Marian has suggested. And there is a lot more collaboration going on.

We have worked very closely, for instance, on the State and national——

Mr. **Rangel**. That is what is so hard for me to understand, Mr. Calhoun, is that while I can understand how somebody would not know what the budget cuts meant if they were receiving unemployment compensation and they go up to the mailbox and their check is not there and they say, wow, I will not get the extended unemployment compensation. But, I cannot understand how people in the community who are Government watchers—and there were no big secrets in the budget cuts.

Now, true, for the kids they would have no way of knowing except the pain of the cut. But I just really thought that there were a large number of people in this country who were not directly involved with these problems, who knew exactly what the President was talking about and that could read and write, and that there were enough voices in the Congress that managed somehow to get it into the papers as to what programs we are talking about.

Mr. **Calhoun**. Again, my response would be, Mr. Chairman, it is the suspension between knowing it is coming and the cuts actually having happened. I can remember a month after my sending out the detail about what this President was proposing, and what this Congress was intending to dispose. And the response was, "It has not hit here yet." There was the suspension of belief.

Mr. **Rangel**. I always tell my senior citizens that they are the only group of people in America that I know that understood what was going on and did something about it and they did not wait before they spoke out. Perhaps we can have a better educated America and perhaps the kids can get more attention than they ever have received. But once good-thinking people realize how far their government is willing to go not to balance the budget, which clearly is within our commitment, if in fact it is a goal, but certainly what we are prepared to do under a concept of New Federalism.

And I think the administration is truly and honestly and candidly sending out a new signal which has nothing to do with cutbacks or reductions of expenditures. And I am just wondering, even though many programs are not on this list, how many people who know the history of how we got a national concern for some of these programs, some of these networks, and as you say, whether they are waterways or roadways or subways, to see how, with the exception of national defense and the revenue-raising system, that it could very well be that State rights would mean State responsibility for all of these programs.

I have to admire the candidness of the administration in the signals that they are sending out throughout the Nation. And it would seem to me that I would have thought that there would have been a louder response from the general public, even though they may not have adopted children or they may not be involved with day care or senior citizens.

But somehow the times in which we live means it is taking a little longer. But if you are optimistic that it has finally hit home, then, of course, it will not take more than a couple of months for us really to find out, because that is when the major decisions are going to be made unless they are stretched out by the White House.

So, let me thank you for the cooperation that you have given to the staff and for your testimony. And needless to say, we will be forced to stay in touch with you, because so far there are not that many people——

Mr. **Calhoun**. It will be a pleasure, Mr. Chairman. And again, thank you for your initiative.

Ms. **Flynn**. Thank you, Mr. Chairman.

Mr. **Rangel**. Mark Talisman, welcome back to the committee. You are now the executive director of the Washington Action Office of Council of Jewish Federations. And we welcome your continued interest in the subject matters that you have worked with so well with my colleague, Charlie Manik and other Members of Congress. And we will await your testimony.

STATEMENT OF MARK E. TALISMAN, EXECUTIVE DIRECTOR OF THE WASHINGTON ACTION OFFICE, COUNCIL OF JEWISH FEDERATIONS

Mr. **Talisman**. It is very interesting to be on this side of the microphone in this crowd. I congratulate you on your steadfastness in being able to sit as long as you do to listen to our sad story.

I am going to read, because there are some statistics that I do want to get into the record. And then if you want to converse about it, that will be fine.

I appreciate being invited to testify. I have been in awe and amazement at the steadfastness of your subcommittee and Mr. Waxman's and Mr. Miller's own interest and others in the details right from the beginning over this last long, lonely year.

Normally, I do not testify. You know a lot of our volunteer leaders in New York with whom you have worked. You were with them, I think, last Sunday, most recently. And they are very able witnesses and because volunteers lead our organization. That is the story that I want to tell, because as the wrap-up person this afternoon, I think it is important to put all of what you have heard so eloquently today, and in these last months, in the context of what America is all about.

The real question is where do we go? What does it mean? In our tradition among those who are Jewish, that there is no word for "charity." In the whole ancient tradition of the Hewbrew language, there is no word for "charity" because we do not think there is such a thing.

Our word is "Tsedaka," which means "righteousness" and "justice." That is the framework and the context in which I appear before you this afternoon. In this point in our history, the voluntary sector is struggling to determine how its services can and will be provided to those most in need, since the doors of our institutions cannot be closed as doors in Government can. Churches, synagogues, and those of social service delivery agencies throughout this country have got to find ways to continue to provide service not only to traditional clients who have been served but to newly arriving clients who are, for the first time, in need because of what has been done in the last month.

Judeo-Christian ethic will not allow us to turn any person down: the elderly, children, unemployed, single parent, and so many other categories of people deeply in need now.

What is the voluntary sector now facing in our collective efforts to provide the traditional services which people need? First, how to make up the billions of dollars which are being cut from public programs as the Federal, State, and local government sectors' budgets are reduced.

It is not as simple as is commonly believed to replace such Government funds. A look at the hard facts tells quite an incontrovertible story. The independent sector, which is an umbrella of over 300 philanthropies, corporate charitable funds, and foundations, in its study has indicated that a total of $47.5 billion has been contributed each year to all philanthropy, of which 5 percent, or slightly more than $2.5 billion, is the total corporate giving in America. Corporate giving rose 15 percent in 1978 and 1979. There was only a 4-percent increase in the last full year we have an accounting for, which is 1980.

If corporate giving were to rise another 15 percent in 1982, that would result in an increase of $375 million total, which would be welcome, needless to say, but not quite sufficient to begin to make up the difference of the billions of dollars currently being lost in service to people whom we must serve.

Obviously, there are many ways in which corporations help additionally, to the voluntary sector, through loans and gifts of equipment, loaned executives, investments, and many, many other ways. Yet, the point must be made that under the new tax act, the level of allowable corporate giving has been raised from the previous rate of 5 to 10 percent currently, as you know from your committee work.

Unfortunately, the record shows that most corporations are giving nine-tenths of 1 percent. I would like to insert in the record at this point several accounts of this dilemma, which are not ours, they are from the business sector itself.

The first is an article that Jack referred to previously by Lindley H. Clark, Jr., who is a reporter for the Wall Street Journal and a columnist. It is called "The Business of Business is not Charity."

I think you will have a chance to read it yourself. I do not want to characterize what he said. But I do hope that you have a chance to digest it.

Further, I would call to your attention a February 1982 editorial in the Washington Post entitled "Corporate Charity," in which we are queried as a public as whether we should even expect the corporate sector to fill the money gap created by budget cutbacks in the private sector.

Of greater interest are the news reports of the recently completed study on probable corporate charitable giving released by the conference board which surveyed 400 major corporations, which account for the major share of the $2.5 billion in corporate giving. Six percent of these corporations planned to increase their contributions in any way this year to offset any of the Federal budget cutbacks.

We could have interesting speculative conversation, if not a debate, as to the intentions of the average American in regard to charitable giving. Being an eternal optimist, I will come down hard on the hope that personal charitable giving will rise substantially in direct response to the new needs of their fellow Americans as the Federal, State, and local budgets are substantially reduced.

Yet, realistically, even if there is such a substantial increase, let us say 15 percent, which would be large, it would be 15 percent of nearly $45 billion, which would be $6.75 billion. Even in the most perfect of worlds, this magnificent new sum would not begin to make up the enormous impact of the tens of billions of dollars of governmental cutbacks.

I would never want to leave the impression that that exercise in mathematics—and I am not very good at mathematics—is meant in any way to discourage or denigrate the legendary generosity of the American people. To the contrary, righteousness and justice of the selfless acts of millions of Americans is to be roundly applauded and encouraged.

All of us, this distinguished body, the National Government at large, corporate and public America, must raise additional private charitable contributions. We must never assume that this cannot be done. It must be done. But who will make up the difference between the levels of needs that are arising and the ability to provide for such needs. There is a need for us to turn to the level of voluntarism in this Nation. The question now becomes how many people, young people included, volunteer their own cherished free time to meet the needs which we all say should be provided for those in need?

Fortunately, there is a creditable study on this subject, too. The independent sector also commissioned the Gallup organization to study and report on who and how Americans volunteer their own time. The report is entitled "Americans Volunteer, 1981." I would like to insert that in the record, the summary of this study by the Gallup organization, so anyone who wishes to look at it may do so.

Mr. RANGEL. It will be so done.

Mr. TALISMAN. Briefly, this study indicates that when volunteer service is broadly defined, 52 percent of American adults and an almost equal proportion of teenagers volunteered in the year between March 1980 and March 1981. This unique study covered every type of activity and those who might have been the beneficiaries of such volunteer activity. Such activities include the importance of being a homeroom mother baking brownies or a church social to actual professional volunteer delivery under supervision in health care facilities.

And that is the point; it must be understood that so many of the cuts that are in place already, affecting children, the elderly, and those who are in need, were provided by professionally skilled individuals whose main purpose was quality of service and care such skilled service or care cannot and should not be provided by volunteers.

The bottom line is there are more volunteers have got to join the legion of already committed people to help fill the void that is currently being created by the cuts in all levels of Government service. This can be a healthy development as far as it realistically can go.

But we must not delude ourselves into believing that vital personal services and care which must be provided by professionally trained individuals can or should in any way be replaced by volunteers. It is the client, the person in need, a human being who might thus be in jeopardy.

In summary, the private not-for-profit sector, this vital group of volunteers who raised so much philantropic money, is limited in its capacity in the best of times to meet the great needs of Americans. It is imprudent and unwise in these less-than-the-best-of-times to expect this sector to pick up the slack caused by the enormous reduction of Government service.

Raising the expectations of people who have real needs to expect such service, such care, and such nourishment would be wrong.

What we really need to do, and some of our agencies are currently in the process of doing it, is to survey each of our local affiliates to determine the actual levels of human need. If there is time—and we hope there is—we will respond with every resource at our command.

Then, too, this majestic House of Representatives can join in the realistic reassessment of what hath been wrought over the past year to determine its wisdom and quickly to changes those areas which clearly need changing. Many of us as individuals and organizations stand ready to join in this effort. Just let us be as hardnosed in this reassessment as some were in the original acts which brought us to this critical point in history.

I would say parenthetically that I have included in the package, the third such request for information, a specific survey which goes to 860 agencies whom we represent here who deliver the service because there is one thing that has been missing at these tables—and I remember them last March when my former housemate, Mr. Stockman, testified. When the computer was missing one program line, who were the people who were being hurt?

We were deluged with statistics—cold, hard statistics—of dollar figures and slots and all other kinds of epithetical references to real live human beings, but Members of Congress and our sector alike have not focused on the real live human beings and who they are, where they live, on what cross-streets in each of your districts.

As Jack Calhoun said earlier in response to your question, the fact of the matter is, as with the French Revolution and as with anything that has happened in American starting 50 years ago in history that I am aware of, people don't react until they are pinched directly.

Second, the people who are most directly in need are those who are least heard in these Chambers. So you are to be congratulated for listening. It is tough. My great-grandfather, who was a distinguished rabbi, used to do something that our beloved Speaker John McCormick used to do. He said there was a big difference between a speaker and a listener. He said, "I am a speaker too often. I wonder who is listening." And that is a problem for all of us because in fact we are now being able to demonstrate precisely who is being heard and how they are being heard.

The irony is that it is the middle-class that is getting pinched first and it is the middle class who is beginning to demonstrate first. Our first official designated demonstration was among young students whose loans are being cut off from school. But as the months go on, a lot of middle-class people will find that their elderly dependent is not able to get medicaid funding for nursing homes.

And if you have a $30,000 or $40,000 gross income and you find a $30,000 bill for your grandmother who was formerly cared for in a quality, not-for-profit nursing home and you find that that bill is now yours and your two kids' student loans are now yours, things look pretty bleak, and that is before we get to the bad news.

So there is a lot of work out there. The point of what I have been trying to say is that there is a lot of delusion out there also, that the private sector and those of us who are working in the volunteer sector can somehow pick up the slack, which amounts to over $50 billion at this point. It cannot be done and I don't think it is fair to have anyone believe that it can.

Thank you.

[The prepared statement follows:]

STATEMENT OF MARK E. TALISMAN, DIRECTOR, WASHINGTON ACTION OFFICE, COUNCIL OF JEWISH FEDERATIONS

Mssrs. Chairmen and members of these distinguished subcommittees:

Thank you for having invited me to testify before you this afternoon. Both of your subcommittees have diligently attempted to determine the nature of the impact of the budget cuts on human beings for over a year. In so doing you have distinguished yourselves mightily since the task has been thankless and difficult, and many of us realize full-well the enormity of your task. But there are many citizens around the country who are aware of the work which you have done and are now doing and we are deeply grateful. We also know full-well the obstacles which you have confronted.

I hesitated appearing before you now since it is our tradition that volunteer leaders who run the Council of Jewish Federations are perfectly capable of providing the testimony which you seek. But your staff insisted that I appear and I reluctantly make this exception. I suppose this little explanation is a good starting point for what I have to say to you and that is that so many of the fine service delivery organizations of this great nation are volunteer led. Fund-raising, appropriations of those hard-to-come-by funds, management of the programs on which those funds are expended, and oversight of what has been accomplished or not accomplished are all in the capable hands of tens of thousands of volunteers. These volunteers also have real-life employment by which they make their livings. While such a comment may seem axiomatic, working in this field I am continually amazed, that with all of the time that is spent volunteering, in a most professional way, it is a wonder that some of our volunteers have any time left over to make their livings and keep their families together.

I suppose this tradition stems from the fact that in our religion there is no word for "charity". The Hebrew word "Tsedaka" means righteousness and justice.

At this point in our history the voluntary sector is struggling to determine how services can and will be provided to those most in need since the doors of our institutions cannot be closed. Churches, synagogues, and those of social service delivery agencies throughout this country have got to find ways to continue to provide services not only to traditional clients who have been served but to newly arriving clients who are for the first time in need. Judeo-Christian ethic will not allow us to turn down people---the elderly, children, the unemployed parent and so many other categories of people.

What is the voluntary sector now facing in our collective efforts to provide the traditional and new kinds of services which people need?

First, how to make up the billions of dollars which are being cut from public programs as the federal, state and local government budgets are reduced. It is not as simple as is commonly believed to replace such government funds. A look at the hard facts tells quite an incontrovertable story. The Independent Sector, an umbrella of over 300 philanthropies, corporate charitable funds and foundations, in its study, has indicated that a total of $47.5 billion is contributed to all philanthropy of which 5% or $2.55 billion is corporate giving. Corporate giving has risen 15% in both 1978 and 1979. There was only a 4% increase in corporate giving in 1980. If corporate giving were to rise another 15% in 1982 that would result in an increase of $375 million which would be welcome but not quite sufficient to begin to make up the difference of the billions of dollars currently being lost in service to people whom we must serve.

Obviously, there are many ways in which corporations help the voluntary sector through loans and gifts of equipment, loaned executives, investments and many many other ways. Yet, the point must be made that under the new tax act the level of allowable corporate giving has been raised from the previous rate of 5% to 10%. Unfortunately, most corporations are giving .9%. I would like to insert in the Record at this point several accounts of this dilemma. The first is an article from the Wall Street Journal of February 2, 1982 by Lindley H. Clark, Jr. entitled "The Business of Business Isn't Charity". You will find it very interesting and worth digesting. Further, I would call to your attention a February 1, 1982 editorial in the Washington Post entitled "Corporate Charity" in which we are queried as to whether we even should expect the corporate sector to fill the money gap created by budget cut-backs in the private sector?

Of greater interest are the news reports of the recently completed study on probable corporate charitable giving released by The Conference Board, which surveyed 400 major corporations which account for the major share of the $2.7 billion in corporate giving. Six percent of these corporations planned to increase their contributions to offset any of the federal budget cuts.

We could have an interesting speculative conversation if not debate as to the intentions of the average American in regard to charitable giving. Being an eternal optimist, I will come down hard on the hope that personal charitable giving will rise substantially in direct response to the new needs of their fellow Americans as the federal, state and local budgets are substantially reduced. Yet, realistically, even if their is such a substantial increase----let us say of 15%----it would be 15% of nearly $45 billion which is $6.75 billion. Even in the most perfect of worlds, this magnificent sum would not begin to make up the enormous impact of tens of billions of dollars of governmental cutbacks.

I would never want to leave the impression that that last exercise in mathematics is meant in any way to discourage or denigrate the legendary generosity of the American people. To the contrary, "righteousness and justice" of these self-less acts of millions of Americans is to be roundly applauded. All of us, this distinguished body, the national government, corporate and public America, must raise additional private charitable contributions. We must not assume that this cannot be done. It must be done.

But who will make up the difference between the levels of needs and the ability to provide for such needs?

It is thus useful for us to turn to the level of volunteerism in our nation. The question now becomes how many people, young people included, volunteer their own cherished "free time" to meet the needs which we all say should be provided for those in need? Fortunately, there is a credible study on this subject, too. The Independent Sector commissioned the Gallup Organization to study and report on who and how Americans volunteer their time. The report is entitled "Americans Volunteer, 1981" and I would like to insert at this point in the Record the summary of this study by the Gallup Organization.

Briefly, this study indicates that when volunteer service is broadly defined, 52% of American adults volunteer with an equal percentage among teenagers. Some 31% responded that they volunteered more than 2 hours per week. Over 10% of those surveyed volunteered over 7 hours per week. What is important to note is that this unique study covered every type of volunteer activity each of which is obviously very important to the persons who volunteer and to those who might have been the beneficiaries of such volunteer activity. Such activities include the importance of being a homeroom mother or baking brownies for church socials to actual service delivery under supervision at healthcare facilities.

And that is the point. It must be understood that so many of the cuts that are in place in government service for children, elderly and all of those in need, were provided by professionally skilled individuals whose main purpose was quality service or care. Such service or care cannot or should not be provided by volunteers.

The bottom line is that more volunteers have got to join the legion of already committed people to help fill the void that is currently being created by the cuts at all levels of government service. This can be a healthy development as far as it can realistically go. But we must not delude ourselves into believing that vital, personal, services and care which must be provided by professionally trained individuals can or should in any way be replaced with volunteers. It is the client, the person in need, the human being, who might thus be placed in jeopardy.

In summary, the private, not-for-profit sector, this vital engine of volunteers who work so hard and who raise so much philanthropic money is limited in its capacity in the best of times to meet the great needs of millions of Americans. It is imprudent and unwise, in these less-than-the-best of times, to expect this sector to pick up the slack caused by the reduction of government service. Raising the expectations of people who have real needs to expect such service, such care, such nurishment would be wrong.

What we really need to do, and some of our agencies are currently in the process of doing it, is to survey each of our local affiliates to determine the actual levels of human need. If there is time, and we hope there is, we will respond with every resource at our command. Then, too, this majestic House of Representatives can join the realistic reassessment of what hath been wrought over the past year to determine its wisdom and quickly then to change those areas which clearly need changing. Many of us, as individuals and as organizations, stand ready to join in this effort. Just let us be as hard-nosed in this reassessment as some were in the original acts which brought us to this critical point in history!

WALL STREET JOURNAL - February 2, 1982

The Business of Business Isn't Charity

Speaking of Business

by Lindley H. Clark Jr.

The Reagan administration is convinced that a lot of the things government has been doing for us all these years are things that we could and should do for ourselves. So administration officials have been calling for increased volunteer efforts and increased charitable giving by both individuals and corporations.

It's a worthwhile idea and I don't intend to knock it. But no one knows just how much more the private sector can continue in this fashion. That's particularly true in one key area: corporate charitable contributions.

The American Enterprise Institute, a conservatively oriented think tank in Washington, recently set up a Center for the Study of Private Initiative, primarily to look into this area. It is by no means ready to draw any broad conclusions but Landrum Bolling, a former foundation executive and college president who is a consultant to the center, doesn't seem to look for a large surge in corporate charitable giving.

At the institute's annual Public Policy Week in December, Mr. Bolling did say that corporate philanthropy "is probably a long-term growth industry." Congress apparently saw things the same way, since last year it raised from 5% to 10% the portion of corporate pretax earnings that is deductible as a charitable contribution.

When Mr. Bolling says long-term, however, he means long-term. "Most of the leaders of giant corporations," he reports, "say they think it unlikely they will ever reach the 5% level in giving. They don't think their stockholders will stand for it."

Good for the stockholders.

The business of business isn't charity. Most corporations are ill-equipped to do an especially wise job in this area and they know it. In 1977, Mr. Bolling says, 1.4 million corporations had profits, but only 13% of them reported gifts of $500 or more.

"A total of about 58,000 U.S. corporations reported that they gave at the full 5%-of-pretax-profits level," Mr. Bolling continues, "but these were overwhelmingly very small enterprises—with very modest profits and small charitable donations. Apparently, these were essentially cases of small entrepreneurs expressing their personal charitable interests through company contributions."

In cases where the corporation is almost indistinguishable from the man who runs it, there is sometimes a question as to why the corporate vehicle should be used at all. In larger companies, there is a larger question as to whether the whims of the company directors should decide which college or which hospital benefits from a corporate gift. Other stockholders might prefer other colleges or other hospitals if they were given the chance to choose for themselves. Even in some of the better-run corporate giving programs, company directors serve as trustees of the colleges who get company gifts.

Corporate charitable giving, like all tax-deduction programs, offers opportunities for abuse. That may make some people wonder whether it was wise to double the size of the allowable deduction when the program in its former size was so little used.

Some of the abuses are merely funny. A hotel company, for instance, once tried to deduct contributions to an organization formed to repeal the liquor prohibition laws of Kansas. A corporation tried to deduct payments it made to a college so that its controlling stockholder could become a member of the alumni association.

The more serious problems are raised by contributions that are entirely proper and legal. Such contributions should serve an identifiable corporate interest. The interest need not be entirely direct; if it is, the gift may more properly be deductible as a business expense. But the interest should be visible.

An example of high visibility was provided by the long association between the railroads and the Young Men's Christian Association. As the railroads spread around the U.S., they found they needed inexpensive and temporary housing for employes. To meet the need, the railroads helped build the "railroad YMCAs" that spread around the nation and then helped to meet their operating costs.

The more indirect the interest becomes, the harder it is to make a case that the gift is desirable. Corporate image is a matter of concern to any company that deals with the public, so companies like to show that they are good neighbors and good citizens.

A company, however, doesn't prove it's a good citizen by giving money to its chief executive's alma mater. Nor does it help to make gifts to inefficient organizations that fritter away their funds and achieve nothing of real significance. Any company that wants to get into this area should hire the staff it needs to do a proper job.

Mr. Bolling notes that more companies are getting into activities that involve more than writing checks—for example, lending personnel to a charitable organization. But non-check activities demand at least as much care as those that merely involve gifts of cash. The stockholders are just as interested in what companies do with the people they employ as in what they do with cash.

The American Enterprise Institute's center plans to develop a collection of case studies of successful corporate philanthropy programs. It also plans to look into the policy questions involved in such activities. So perhaps the center will be able to provide some guidance.

For the moment, though, President Reagan can't count on a great deal of new help from the corporate community. A Conference Board survey released last week indicated that companies are unlikely to increase their contributions budgets this year to fill the gap caused by cutbacks in federal spending.

Wise companies will keep their eyes on their corporate interest and, for the rest, let their stockholders do their own giving.

The Washington Post

AN INDEPENDENT NEWSPAPER

Survey Says Business Won't Pick Up Slack

By James L. Rowe Jr.
Washington Post Staff Writer

NEW YORK, Jan. 27—Business contributions to social, cultural and educational activities are unlikely to increase significantly despite the Reagan administration's call for private giving to fill many of the gaps left by federal budget-cutting.

The Conference Board, a nonprofit business research institute, reported today that a survey of more than 400 major corporations—which accounted for a lion's share of the $2.7 billion in corporate philanthropy last year—showed that only 6 percent planned to increase their contributions to offset some of the federal budget cuts.

In his State of the Union address Tuesday, President Reagan again called on private groups to replace the government in funding and running many social programs.

Although more than 60 percent of the companies planned to spend more on philanthropy this year, the report said the increased giving is a "normal" year-to-year increase related to higher profits and inflation.

E. Patrick McGuire, executive director of the Conference Board's business/government research programs, said business contributions probably will rise to $2.8 billion or $2.9 billion in 1982. He noted that for the more than 40 years that the research organization has tracked corporate giving, it has been related more to the level of profits than anything else. When profits rise, contributions rise, and when profits fall contributions do likewise.

Furthermore, he said, the study showed that few corporations are changing the direction of their giving from arts and education—traditional recipients of corporate philanthropy—to other areas heavily hit by federal cutbacks, such as job training, welfare or health.

For the most part, companies think that they are giving all that they can give comfortably and that the Reagan administration is unaware of the extent of corporate philanthropy. Furthermore, many of the programs, such as legal aid, that faced the Reagan administration ax were disliked by the business community as well. McGuire said analysts on the White House staff "probably" did not do their homework when they suggested that private voluntarism could replace many of the cutbacks in social and cultural spending advocated by the Reagan administration and enacted by Congress last August.

One corporate executive told the Conference Board, "Our company supported the president because we believed in the elimination of a number of these programs. Naturally we're not too enthused about continuing the programs and shifting the burden to the corporate sector."

By far the largest source of private philanthropy is individuals, who gave $39 billion in contributions last year, more than half to churches. Foundations provided $2.4 billion.

McGuire said the main source of business philanthropy is large companies. Many medium and small companies give little or nothing. He said that the Conference Board's contacts with private agencies indicates that few, if any, of the nongivers have been moved by the president's call for voluntarism.

McGuire noted that traditionally the biggest source of volunteer labor in the United States has been the housewife. But the number of wives working full time has been rising sharply—41 percent worked in 1970 compared with 51 percent in 1980—and, as a result, the pool of volunteer labor has shrunk.

He said that cuts in the maximum personal income tax rate make it less lucrative for wealthy taxpayers to make contributions. Furthermore, McGuire said foundations are less able to step up giving than they would have been a decade ago because inflation has eroded their assets.

McGuire said that in many cases companies are reluctant to dispense funds to many social programs because they feel incompetent or unwilling to be "funds dispensers." Corporate executives feel social decisions should be made by elected representatives.

January 28, 1982

Corporate Charity

SHOULD CORPORATIONS be expected to fill the money gap for social programs that have been cut by the federal government? And if a lot of people decide they should, does it necessarily mean that they can or will?

The president has repeatedly urged the private sector—including corporations, which now give $2.7 billion a year to philanthropic causes—to increase charitable contributions as government spending is reduced. In October, he announced the appointment of a Task Force on Private Sector Initiatives headed by C. William Verity, chairman of Armco. The task force is supposed to get private groups to work with state and local governments in support of social programs whose budgets have been cut by Washington. A realist, Mr. Verity has stated: "It's going to be a very tough job."

This skepticism was no doubt reinforced the other day when the Conference Board, a New York-based business research institute, issued a report that shows why it is naive to count on corporations to take up the slack. The Conference Board survey of 427 major corporations showed that only 6 percent planned to increase gifts in response to the president's exhortations. While a majority will probably contribute more this year than last—a total of about $200 million more—increases were planned before federal budget cuts and are really a function of higher profits and inflation. In other words, when money is available, gifts will increase. But when corporations feel squeezed, contributions will be reduced. While this pattern is eminently understandable, it does not commend itself as much of a basis for long-range planning for important social programs.

The survey also highlights an important flaw in the plan to shift responsibility to businesses. Corporations tend to support certain kinds of charitable endeavors and not others. The arts and education are popular and relatively noncontroversial. Other programs that have been funded by the federal government, such as legal services, housing assistance and health care, are, by and large, not regarded as the responsibility of corporations and are less likely to receive help.

We're not suggesting that the corporations have let the public down on this one. In fact, people shouldn't expect American business to shoulder a large part of the social obligations that the society as a whole ought to bear. If people believe that health care, security in old age, a decent diet and minimal legal services ought to be provided to even the poorest citizens, then they should be willing to share the cost. The financing and successful operation of social programs should not be made to depend upon the level of corporate profits or the board room view of the merits of the program. The general public must decide, and once it has decided, it must pay.

February 1, 1982

INDEPENDENT
SECTOR

Americans Volunteer - 1981

To determine more closely the extent of volunteering in the United States, INDEPENDENT SECTOR commissioned a survey by The Gallup Organization which has resulted in a report from them entitled "Americans Volunteer - 1981". This is a companion report to the one developed for us by Gallup entitled "Patterns of Charitable Giving by Individuals".

For this survey, INDEPENDENT SECTOR defined volunteer activity broadly, including the typical categories such as advocacy, direct service and fund raising, and also including informal service to others such as helping clean up the neighborhood. In order to determine the extent of both kinds of volunteering, the responses for formal or informal services were kept separate.

When volunteer service is broadly defined, 52% of American adults and an almost equal proportion of teenagers volunteered in the year between March 1980 and March 1981.

When Gallup subtracted from that total those who volunteered, only in an informal way, the proportion of the population engaged in some more structured pattern turned out to be 47%.

In order to try to determine the proportion of the population that might be described as regular or active volunteers, we asked the Gallup Organization to tell us how many people averaged 2 or more volunteer hours a week. That proportion turned out to be an encouraging 31%. Indeed 10% of the adult population averaged 7 or more volunteer hours a week.

Whether one focuses on the 52% of the population engaged in at least some broadly defined volunteer service or looks at the 31% of the population that could be described as regular or active volunteers, tne results are encouraging.

The Gallup Report might more appropriately have been titled - "Americans Still Volunteer" or better yet "Americans Volunteer - More Than Ever".

INDEPENDENT SECTOR is indebted to BankAmerica Foundation for its contribution toward this survey.

A copy of the Introduction and Summary from the Gallup Report are enclosed. Copies of the full Report are available from INDEPENDENT SECTOR at $15.00 each.

Brian O'Connell
President
INDEPENDENT SECTOR

A NATIONAL FORUM TO ENCOURAGE GIVING, VOLUNTEERING AND NOT • FOR • PROFIT INITIATIVE
1828 L Street, N.W. • Washington, D.C. 20036 • (202) 659-4007
SUCCESSOR TO THE COALITION OF NATIONAL VOLUNTARY ORGANIZATIONS AND THE NATIONAL COUNCIL ON PHILANTHROPY.

INTRODUCTION

This is a study designed to determine the number of people who volunteer, the kinds of volunteer work people are involved in, the amount of time devoted to volunteer work, changes in the amount and type of volunteer work and reasons for volunteering or not volunteering. For the purposes of the study, volunteer work was broadly defined as "working in some way to help others for no monetary pay." This would include the person who regularly helps an elderly neighbor as well as the person who volunteers at a nursing home; the work need not be done with an organization. Volunteer work would not include membership in a volunteer group if no work is actually done. Nor would it include working in a cooperative (e.g., cooperative nursery school) where, although there is no direct monetary pay, there is monetary compensation through lowered cost of the service (e.g., lower nursery school tuition). Volunteer work, according to this definition, would include a broad range of activities—for example, volunteering at a local hospital, room mother at a school, scout troop leader, usher at church, working to get a traffic light put in at a dangerous neighborhood intersection, canvassing for a political candidate, collecting money for a charity, and so forth.

For this study, personal in-home interviews were conducted with a national sample of people 14 years of age and older. All interviewing was conducted between March 13 and March 23, 1981.

A description of the composition of the sample and the design of the sample, tables of recommended sampling tolerances, and a copy of the questionnaire can be found in the Technical Appendix of this report.

SUMMARY

Volunteerism has traditionally been defined as giving time to help others for no monetary pay through organizations like hospitals, schools, churches, and various social service organizations. Moreover, volunteer work is generally thought of as a regular commitment, such as the person who spends four hours each week or each month helping in the school library or hospital admissions department. However, this concept of volunteerism which ties volunteer work to organizations may tend to underrepresent the actual amount of volunteer activity in the country because it excludes the activities of the person who gives his or her time on an informal, individual basis. For example, should the person who works with a group of neighbors to clean up a local playground or park be called a volunteer? Or the individual who helps an elderly neighbor? Or the parent who bakes cookies for a school fund raiser?

Efforts to measure the incidence and amount of volunteer activity are complicated by the fact that not only can researchers in the area not agree upon a clear definition of what constitutes volunteer activity, but it is likely that the public has varying perceptions as well. Because there is no generally accepted understanding of what constitutes volunteer activity, we would expect that in surveys on volunteer activity the percent of people who call themselves volunteers will be fairly easily influenced by the way in which the question used to measure incidence of volunteer activity is asked. One method of addressing this issue would be to compare the results to different questions. Specifically, one can examine the kinds of activities that volunteers say they have done when questions are variously worded. Unfortunately, most studies that ask people whether or not they have participated in any kind of volunteer activity do not then ask volunteers to describe those activities which they have done.

This problem is not unique to the issue of volunteerism. To the contrary, public polls frequently find varying levels of support for issues which are attributed to differences in question wording. Studies have indicated that question wording has the greatest impact when the issue or topic of the question is one about which respondents do not have strongly held beliefs or about which they do not have a great deal of knowledge.

Another factor that must be taken into consideration when trying to determine the incidence of volunteer activity by means of a survey is the timing of interviewing. Many kinds of volunteer work are seasonal; for example, because they are based on the school year or related to religious holidays. As a result, a study that measures the incidence of volunteer activity in a two- or three-month period in the spring when schools are in session and there are numerous religious holidays--Easter, Passover--may find differing results from a study conducted in the summer months because of the dates of interviewing.

For its 1981 survey of volunteerism in America, INDEPENDENT SECTOR chose to define volunteer activity in the broadest sense to include both the traditional kinds of volunteer activities, such as working as a "volunteer" for an organization, as well as the informal and often individual kinds of volunteer activity, such as helping an elderly neighbor. In response to a very broad question which asked citizens what, if any, kind of volunteer activity they had participated in in the past year, some kinds of responses were elicited that might normally not have been classified as volunteer activity. For example:

- I sing in the church choir.
- I baked brownies for my son's cub scout troop.
- I am an attorney, and I sometimes give free advice to my neighbors.
- I helped my neighbors when they were moving.
- I have a sister in a mental institution who I visit and take food to.
- I help my neighbors with home repairs.
- I took care of my neighbor's dog when she was sick.

When these kinds of volunteer activity are included along with the more traditionally defined kinds of volunteer activity, we find that 52 percent of American adults and an almost equal proportion of teenagers (53%) have volunteered in the year between March 1980 and March 1981. The areas in which the largest percentage volunteer include religious activities (19%), health (12%), education (12%), and informal activities done without organizational support (23%). Upper socioeconomic groups are most likely to volunteer. More specifically, 63 percent of people with annual household incomes of $20,000 or greater and 63 percent of the people with some college education have volunteered in the past year. Additional demographic groups that are slightly more likely to volunteer include women, people under the age of 55, people who are employed, people with children still at home, suburban and rural residents, and people in larger households.

One method of determining which of these individuals is a volunteer in the more traditional sense is to consider the number of hours worked. If an individual has done no volunteer work or has spent less than one hour per week on volunteer work in the past three months, we may guess that the individual is involved in volunteer activity on a sporadic basis or for a one-time cause. As the table on the following page points out, 69 percent spent either no time or less than an average of one hour per week on voluntер activity in the past three months, and 31 percent spent an average of two hours or more per week on volunteer activity. We might speculate that it is this 31 percent that most people have in mind as the typical volunteer who volunteers on a regular basis for an organization. This is only speculation, however.

Average Number of Hours Per Week Spent in Volunteer Activity During the Past Three Months

Average Hours Per Week*	Percent of All Citizens**	
0	56***	69
1	13	
2	8	13
3	5	
4	4	18
5	2	
6	2	
7	1	
8 or More	9	
Total	100	

Volunteers are more likely than non-volunteers to give monetary charitable contributions, regardless of whether the contribution is made to an organization for which the person does volunteer work. Ninety-one percent (91%) of all volunteers have made a charitable contributions, compared with 66 percent among non-volunteers. The group most likely to give a charitable contribution in a particular area is those who have volunteered in that area. For example, among people who did volunteer work for a health organization in the past year, 65 percent also gave a charitable contribution to a health organization.

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* This is based on a 13-week quarter. One hour per week includes 1-13 hours per quarter; two hours per week include 14-26 hours per quarter; and so forth.

** This table excludes all who were not able to estimate the number of hours volunteered.

*** This includes 48 percent who did no volunteer work in the past year, plus 8 percent who did volunteer work in the past year but who did no volunteer work in the past three months.

If we limit charitable contributions to those that are made to an organization for which the contributor does no volunteer work, 79 percent of volunteers have made a charitable contribution to a group or organization for which they have not volunteered, compared with 66 percent of non-volunteers who have made such a contribution to a group for which they did not work.

Although there is a relationship between doing volunteer work and making charitable contributions, we cannot conclude that volunteer work makes people more likely to contribute money. It could be that the kind of person who becomes active in volunteer work is already making charitable contributions. Most likely, the direction of the relationship works both ways to some degree.

Among adults who have volunteered in the past year, the largest percentage first became involved in the volunteer activity because they were asked by someone if they would volunteer (44%). Other sources of information or reasons for becoming involved in the volunteer activity are having a family member or a friend involved in the activity (29%) and through participation in a group or organization (31%). One person in four (25%) sought out the activity on their own. Relatively few (6%) first volunteered because they had seen an ad for or some information about the volunteer activity in the media.

Volunteers were asked why they first became involved in the volunteer activities they currently participate in and why they continue to participate in these volunteer activities. The responses to these two questions were similar. To both, the largest proportion of volunteers mentioned wanting to do something useful; interest in the activity; enjoying the work/feeling needed; having a child, relative, or friend who was involved in or could benefit from the activity; and religious concerns.

The reasons people mention most often for continuing to volunteer are the same reasons most frequently mentioned for first becoming involved in a volunteer activity. For example, the largest proportion of volunteers first became involved in their volunteer work because they wanted to do something useful and to help others. This is also the reason most frequently mentioned for continuing to do volunteer work. However, it is not the case that reasons for first volunteering are always the same as reasons for continuing to volunteer. This particularly true for people who first volunteered to gain job experience; of those who first volunteered to gain job experience, only 37 percent are continuing to do the volunteer work to gain job experience, 64 percent of this group are continuing to do the volunteer work because they are interested in the work, and 67 percent because they enjoy doing something that is useful and helps other people. On the other hand, large proportions of people who first volunteered because they thought they would enjoy the work (63%), because they wanted to do something useful (77%), for religious reasons (79%), and because they were interested in the work (72%) continue to do the volunteer work for the same reasons they give for first volunteering. But in each case, there are also other reasons for continuing to do the volunteer work.

The survey further indicates that the pool of people who volunteer changes over time. When volunteers were asked whether they do more, less, or the same amount of volunteer work today as they did three years ago, roughly one third chose each response: 36 percent more, 30 percent less, 30 percent the same. Similarly, when all adults were asked whether they were involved in any volunteer activity three years ago that they no longer do today, 21 percent responded affirmatively. Among adults who have stopped doing a volunteer activity in the past three years, the reasons most frequently offered for no longer participating are that the volunteer became too busy to continue (33%), private, personal reasons (18%), that the project was completed (11%), and that the volunteer moved (12%). Some also mentioned that they had begun working at a pay job (10%), that the family friend or relative was no longer involved (8%), and that they had lost interest (9%).

In the past year, one person in five has been asked to do some kind of volunteer work which they have not done. Among this group, the most frequently mentioned reason for not doing the volunteer work is lack of time or too busy, mentioned by almost half (46%). Other reasons for not doing the volunteer activity include health problems (14%), lack of interest (18%), and the lack of time because of a paid job (8%).

A Study Commissioned by:

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cjf
MEMO
COUNCIL OF JEWISH FEDERATIONS • 575 LEXINGTON AVENUE • NEW YORK, NY 10022 • 212-751-1311

February 16, 1982

TO: All Federation Executive Directors

FROM: Carmi Schwartz

RE: Assessment of the Effects of Federal and State Budget Cuts on Federations and Federation Agencies

BACKGROUND

Federal budget reductions for social service programs went into effect on October 1, 1981, the first day of fiscal year 1982. They affect a multitude of programs in which our Federations and agencies participate. Our programs for the elderly, day care centers, mental health facilities, nursing homes, arts and humanities programs, school feeding programs, summer camps and employment training and guidance centers are among those facing severe reductions in funding.

State budgets, too, are being pared; many states have already reduced spending for social services, leaving even larger decreases in funding with which service provider agencies must contend. The new system of block grants to the states further complicates the situation by merging a large number of programs that were targeted to specific populations. This creates increased competition for fewer dollars.

Included in the Administration's FY 1983 federal budget are substantial new cuts in social service and entitlement programs. As the deliberations over these proposals begin, our congressional delegations must accurately understand the impact of those cuts already in place and the potential effects of further reductions. We need to be prepared with hard facts and numbers as these decisions are made.

QUESTIONNAIRE -- To be returned to the Washington Action Office NO LATER THAN MARCH 31, 1982.

The attached questionnaire, like the preliminary one you received

over...

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Building the Jewish Community
1932-1982

WASHINGTON ACTION OFFICE 227 Massachusetts Avenue, N.E., Washington, DC 20002 202 547-0020/WESTERN AREA OFFICE 2831 Camino Del Rio So., Suite 217 San Diego, CA 92108 714 296-6106/CANADIAN OFFICE 152 Beverley Street Toronto, Ontario M5T 1Y8 416-368-4874-5

last spring, has been prepared by CJF in cooperation with the Child Welfare League of America, the Family Service Association of America, Catholic Charities and other national agencies. These organizations are all asking their members to complete similar questionnaires. The information provided by these constituencies can play a vital role in the developments on Capitol Hill during 1982. Members of Congress have requested this type of hard data so they can defend those programs most essential to their districts and states. (If an agency receives more than one questionnaire only one need be completed, but the other organizations should be sent copies of the questionnaire that was filled out.)

It is of utmost importance that the questions be answered as accurately and thoroughly as possible. The results are only useful to the extent that they present a true picture of our agencies' needs and concerns. We offer several suggestions you may wish to incorporate into your data gathering process:

1) A Federation staff person should be assigned final responsibility for assembling the questionnaire data.

2) The staff person should review the questionnaire and sample worksheet to make certain s/he understands what is requested.

3) A meeting should be convened of representatives of all functional agencies whose programs and clients are affected by the budget cuts. At this meeting the questionnaire should be reviewed question by question so there is a clear understanding of the information needed.

4) Set a deadline for agencies to return their information to Federation so the staff person will have time to compile the data and return the questionnaire to the Washington Action Office by March 31.

5) Hold a second meeting of agency representatives to discuss the implications of the findings for planning, budgeting and provision of services.

Your cooperation in this survey is greatly appreciated. It is extremely important that CJF knows what is happening in your communities and the problems Federations and agencies are encountering in maintaining current program levels and serving those who request assistance.

When all the data is in, local coalitions of representatives from the participating organizations should meet with their Congressional delegations to discuss their combined results and the implications for voluntary agencies and the clients they serve. A national summary of data collected by CJF will be prepared as well and distributed to all Federations. Similar composites will be available from the other national associations.

March, 1982

SURVEY OF EFFECTS OF REDUCED PUBLIC FUNDING OF HUMAN SERVICES ON FEDERATIONS AND AGENCIES

Federation: ____________________ Staff Person: ____________________

Phone no.: ____________________ Title: ____________________

Return completed questionnaire to: Washington Action Office, 227 Massachusetts Av., NE, Washington, D.C. 20002
no later than March 31, 1982.

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1. For the service areas listed below please indicate the amount of public funds (federal, state, county or municipal) received by your Federation and agencies in fiscal year 1981 (October 1, 1980-September 30, 1981) and the amount anticipated for fiscal year 1982 (October 1, 1981-September 30, 1982). In addition, please note the program source or sources of the funds (e.g., Federal Title XX program, state day care funds, etc.) and the number of clients who will be affected by program changes in your agencies.

Service Areas	Provider Agency	Public Program Sources	FY 81 Funds	# Clients Served	Anticipated FY 82 Funds	Anticipated # Clients Served	Amount $ + or -	# Clients Affected
A. ELDERLY								
Social Services:								
Adult Day Care								
Transportation								
Legal Services								
Other: ________								
Nutrition:								
Congregate Meals								
Meals-On-Wheels								
Other: ________								
B. EMPLOYMENT								
Public Service Jobs								
Job Training								
Youth Programs								
Employment of the Elderly								

Service Areas	Provider Agency	Public Program Sources	FY 81 Funds	# Clients Served	Anticipated FY 82 Funds	Anticipated # Clients Served	Amount $ + or -	# Clients Affected
C. CHILD WELFARE Foster Care Adoption Child Welfare Services Child Abuse Services Child Day Care								
D. CHILD NUTRITION Day Care Feeding Summer Feeding School Lunch Program School Breakfast Program Special Milk Program								
E. SOCIAL SERVICES Homemaker Services Recreation Programs Group Homes Other:________________								
F. MENTAL HEALTH, DRUG AND ALCOHOL ABUSE In-Patient Services Out-Patient Services Learning Disabilities Program Halfway Houses Spouse Abuse Programs								
G. PREVENTIVE HEALTH Cardiovascular Program Screening Program Immunization Educational Program								
H. INSTITUTIONAL HEALTH CARE Nursing Homes: Medicaid Medicare Hospitals: Medicaid Medicare								(2

Service Areas	Provider Agency	Public Program Sources	FY 81 Funds	# Clients Served	Anticipated FY 82 Funds	Anticipated # Clients Served	Amount $ + or -	# Clients Affected
I. EDUCATION English as a Second Language (ESL) Special Education Education for the Handicapped Adult Education								
J. ENDOWMENTS National Endowment for the Arts National Endowment for Humanities								
K. OTHER								
TOTALS: ADD FIGURES IN THESE SIX COLUMNS FOR ALL PROGRAMS								

2 . Where public funds have been lost or reduced, how has the shortage been addressed?

Program	Source of Public Funds	Provider Agency	Amount lost	Result:
A.____________				__ a) Program operating at same level. Replacement funds came from: Federation $______ United Way $______ Foundation $______ Other $______ (identify: ________ __ b) Program operating at reduced level. Reductions made by: Fewer people served #:______ Fewer staff #:______ Shorter hours #:______ Higher fees for service $______ Other ______ (identify:________ __ c) Program eliminated. Number of clients affected: ______
B.____________				__ a) Program operating at same level. Replacement funds came from: Federation $______ United Way $______ Foundation $______ Other $______ (identify: ________ __ b) Program operating at reduced level. Reductions made by: Fewer people served #:______ Fewer staff #:______ Shorter hours #:______ Higher fees for service $______ Other ______ (identify:________ __ c) Program eliminated. Number of clients affected: ______

2. (continued)

Program	Source of Public Funds	Provider Agency	Amount lost	Result:
C.__________				___ a) Program operating at same level. Replacement funds came from: Federation $________ United Way $________ Foundation $________ Other $________ (identify: __________) ___ b) Program operating at reduced level. Reductions made by: Fewer people served #:________ Fewer staff #:________ Shorter hours #:________ Higher fees for service $________ Other ________ (identify:________) ___ c) Program eliminated. Number of clients affected: ________
D.__________				___ a) Program operating at same level. Replacement funds came from: Federation $________ United Way $________ Foundation $________ Other $________ (identify: __________) ___ b) Program operating at reduced level. Reductions made by: Fewer people served #:________ Fewer staff #:________ Shorter hours #:________ Higher fees for service $________ Other ________ (identify:________) ___ c) Program eliminated. Number of clients affected: ________

3. What are your expectations in 1982 for funds from United Way?

(a) same $ ____________ (b) amount increased $ ____________ (c) amount decreased $ ____________

4. Have there been staff losses in your Federation or agencies due to public budget reductions? Include in your answer professional, para-professional and support staff. If yes, how many?

Yes ______ (Number: ______) No ______

5. Are there any areas in which you are receiving increased public funding? If so, what programs are being supported? From what source or sources?

Program	Source of Funding	Amount	Provider Agency	Additional Information

6. Are requests for assistance being brought to your Federation and agencies from people who previously utilized public services or received public assistance (i.e., food stamps, AFDC, medicaid)? Please describe a few examples of cases in this category (do not use real names, addresses, etc.) Use the other side of this sheet if additional space is required.

Agency	No. of People	Public Programs From Which They Were Dropped	Type of Assistance Sought

7. **Does your Federation have any input into your state's process for determining the distribution of block grant money in social services, health, education, mental health, low-income energy assistance or community development?** **YES** ______ **NO** ______

If yes, what is the mechanism for participation? Check more than one if appropriate.

______ **Direct Federation contact with Governor's office.**
______ **Established state organization in capitol with full or part-time Federation representation.**
______ **No formal state organization, but have hired representation in the capitol.**
______ **Coordinate activities with other Federations in the state.**
______ **Participate in advisory council with other private and public sector agencies.**
______ **Testify at state hearings.**
______ **Member of statewide coalition of voluntary organizations.**
______ **Member of local coalition of voluntary organizations.**
______ **Other:**

8. Are you exploring new community funding sources (e.g., corporations, foundations, philanthropic funds, etc.)? If so, have you been successful in finding new dollars? From what sources?

Source	Amount	Program	Provider Agency	Additional Information

9. Please attach to this questionnaire any documents or transmittals from state, county or municipal governments describing program cuts, grant and contract reductions or other restrictions on non-federal public social service commitments.

Mr. **Rangel**. Thank you, Mark, for a very thoughtful and sensitive statement. I am almost glad that the administration has openly shifted the responsibility to the charitable organizations and to the private sector and to the churches to adopt the poor, because it is only in this way that I can have some degree of assurances that the agencies in the private sector and the churches will be responding.

I did not mean to imply that we only respond when we are hurt. The question that I have been unable to understand is the politic of not getting involved by church and religious groups. I can understand the charitable groups with the tax restrictions and the lobbying restrictions being very, very careful as to how far they would go. I can understand kids in day care centers and old folks in nursing homes saying I hope they don't mean me, and I wish that we have a full economic recovery. What I do not understand is the politics of the church and the synagogues where clearly if only by history, if only by the Bible, they should understand what they were planting is nothing new, it is not as though we made that tremendous gain. It is true in the last 30, 40, 50 years that we have moved toward being our brother's keeper, in the best sense of the word. But it is not as though we had completed everything.

To see programs dismantled and to hear all of the testimony now that this group of children is being hurt, I hope they are organizing and a coalition is being formed. I just refuse to believe that a lot of people did not fully understand what was going on. I just do not understand.

Mr. **Talisman**. It is difficult for all of us. I have to tell you, though, that you and I have been around a long time. Every time a new President comes in we are all very willing to help out a new President.

Mr. **Rangel**. That must be the answer.

Mr. **Talisman**. That is part of the problem. The other part is all of us are optimists. The Jewish community is the most optimistic of all. We believe in magic bullets. We want to think that when things are packaged in such a way, as they have been done, then it is possible to believe a whole lot of things.

After all, I am the ultimate optimist. I worked with this committee for 15 years. That is really optimism. When you add up columns of figures you expect them to add up. But, you know there is a two-way problem, I might suggest, and I do this with tender loving care, you understand, Mr. Chairman.

When one eliminates single parent day care as has been done it is very interesting to study. It was never really brought out in the hearings. It is not an interesting subject—as sexy as the MX, for example, or other things. It is certainly not as sexy as tax cuts, because when you survey what happened in the last 3 weeks since all programs were eliminated for single parent day care, you will find out, I think, that a lot of the families, the breadwinners, so to speak—men and women alike—who had their kids in healthful day care opportunities are now back on welfare at three times the cost to the same Federal Government.

Now I would consider that, from an Old and New Testament basis, as ridiculous. From an accounting standpoint, or from the standpoint of human toll involved, when you eliminate CETA, which was much maligned and in only some respects deserved it, by such eliminating of CETA thousands are left with no alternatives for employment or income and they are hurt and the country is damaged.

The person who was on CETA at Federation Employment and Guidance Service in your district in New York City, who was going to be a refrigeration mechanic after 10 months of training under this program at $11.90 an hour is now back on welfare at three times the cost. That is crazy.

The taxpayer, if they knew the story, would be outraged. But there are enough epithets covering all of this.

Mr. RANGEL. I do not know whether they would be outraged or not if the Federal Government's game plan was to have the training and responsibility of that individual rest with the State and the private sector. In other words, the Federal Government is saying that unemployment is not a national problem, it is a local problem, and if you do not like where you live, then vote with your feet.

Mr. TALISMAN. On this committee is a discussion about unemployment which reaches way below our continental shelf because they are undercutting people who want to be employed. Look what happened around the country—in Baltimore where 15 jobs were available in the post office and 15,000 people showed up last week.

It is ridiculous. It is not that the American work ethic has disappeared. Jobs have disappeared, and you know that better than I, so there is no sense in ranting and raving.

Mr. RANGEL. It is nice to have worked together. I want to thank you and thank the other members of the committee that cooperated with this beginning effort.

I want to thank the staff of both the Commerce Committee as well as Ways and Means and, most importantly, Beverly Birns, who coordinated this entire effort. Thank you so much.

The committee stands adjourned.

[Whereupon, at 3:30 p.m., the hearing was adjourned.]

[The following was submitted for the record:]

United States
Department of
Agriculture

Food and
Nutrition
Service

3101 Park Center Drive
Alexandria, VA 22302

APR 2 1982

Honorable Charles B. Rangel
Chairman
Subcommittee on Oversight
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Rangel:

This is in response to the letter of February 25 inviting the Secretary of Agriculture to testify on the impact of the Administration's budget proposal on children at the March 3 joint hearing conducted by the Subcommittee on Oversight of the Committee on Ways and Means and the Subcommittee on Health and the Environment of the Committee on Energy and Commerce.

Although the Secretary was unable to appear at the joint hearing, he has requested that the enclosed statement concerning the Administration budget proposals be entered in the record.

Thank you for your consideration in this matter.

Sincerely,

Acting Associate Administrator
Food and Nutrition Service

Enclosure

STATEMENT OF HON. JOHN R. BLOCK, SECRETARY OF AGRICULTURE

Mr. Chairman and members of the Committee, thank you for the opportunity to provide the following statement concerning the Fiscal Year 1983 budget and legislative proposals for the programs conducted by the Food and Nutrition Service of the Department of Agriculture.

The President's Program for Economic Recovery

The Administration's budget proposal underscores the Program for Economic Recovery that President Reagan announced a year ago. The plan is directed toward creating a solid foundation for sustained economic growth and prosperity by limiting the size and scope of government, strengthening the private sector and free market economy and reducing inflation and interest rates. This February, in his budget message to the Congress, the President reiterated his determination and firm adherence to the four fundamental parts of his economic recovery plan: (1) a substantial reduction in the growth of Federal expenditures; (2) a significant reduction in Federal taxes; (3) prudent relief of Federal regulatory burdens; and (4) a monetary policy on the part of the independent Federal Reserve System that is consistent with these policies.

During 1981, the Administration worked with the Congress to take major steps toward implementing this program:

- Congress passed the Economic Recovery Tax Act, the largest tax cut in history for businesses and individuals.

- In the Omnibus Budget Reconciliation Act, Congress reformed entitlement and other programs, saving $130 billion over the 1982-1984 period.

During the past months, we have worked to carry out the provisions of the Omnibus Budget Reconciliation Act of 1981. This legislation-among other initiatives - refined eligibility standards to more specifically target food assistance benefits to the needy while generally holding constant the assistance given to those who are needy.

Child Nutrition Programs

During the past decade, the Federal Child Nutrition Programs have grown dramatically. They are often described as fragmented, overlapping, and administratively complex. Today, there are at least 37 different Federal reimbursement schemes within ten major programs, serving more than 26 million children. The programs typify the concerns raised recently in a report by the Advisory Commission on Intergovernmental Relations (ACIR). ACIR concludes that State and local governments have become increasingly dependent on the Federal Government. This dependence has curtailed vital administrative discretion at the State and local level because of an excess of specific Federal programmatic and procedural requirements.

The Administration's Fiscal Year 1983 Child Nutrition proposals are the beginning of a new federalism designed to reestablish the balance of decisionmaking in our tripartite system of governance. First, and of central importance, the proposal recognizes the importance of maintaining school lunch meal support as an appropriate Federal role. Access to home meals is often inconvenient and impossible. Our proposal would maintain the school lunch program, the largest Child Nutrition Program at $2.7 billion, with no reduction in Federal support.

The changes in last year's Reconciliation Act rather than undermining the integrity of the school lunch program strengthened the program's priority by redirecting available resources in the assistance of the neediest. The slight decrease in free and reduced price lunches being experienced is a direct result of our efforts to begin verifying reported income rather than from a decrease in support for the program. While the decrease in paid lunches is the result of the price increased designed to target the program on the neediest. These changes with favorable fiscal constraint have reemphasized the program need and value.

Conversely, in the categorical school breakfast, and summer feeding programs we feel that access to home meals service is not impossible. Therefore our second proposal would consolidate a number of small categorical programs. The school breakfast and child care and summer feeding programs would be eliminated with the establishment of a General Nutrition Assistance Grant. In those circumstances where access to home meals is inconvenient for certain children, the State can design programs to meet that need through the use of block grant funds. States could use the grant funds to finance such child care feeding program as they see fit.

Our proposals will refocus child nutrition assistance by eliminating overlap and duplication with their attendant artificial constraints to center assistance upon the most needy themselves. Several current federally funded nutrition programs focus on the means of providing assistance, i.e., Child Care Feeding Program, Special Milk, food programs in the territories. Available resources can be more effective if we focus the use in reaching the neediest. This can best be accomplished by the States who are in best position to determine those needs.

The Supplemental Food Programs for Women, Infants and Children (WIC) is similarly delegated to the States through its combination with the Maternal and Child Health Services block grant. Funding for this grant will be $1.0 billion. The determination of how to appropriately target health and nutrition services for low-income pregnant mothers and their infants will be the responsibility of the various States and their health clinics and qualified health personnel.

These proposals will substantially reduce the overhead burden at both the Federal and State levels. This will be accomplished by the elimination of required administration of complicated Federal regulations covering current categorical programs. Also significant is the reduced need for State Administrative Expense funds resulting from the elimination of categorical programs.

Proposed Legislation

The Administration's proposed legislation is based on several related considerations. These include reducing program overlap, focusing resources on those most in need, and promoting efficient and effective program operations. A total of $3.2 billion will be needed for the child nutrition programs in Fiscal Year 1983. These amounts reflect $368.0 million in cost reductions below the current services level as a result of the following proposals:

1. Eliminate the Department of Defense overseas schools from participation in the programs. We believe that it is feasible and appropriate for the Department of Defense to assume full responsibility for child nutrition in its overseas schools.

2. Transfer of funding for all food assistance program operations in Guam, the Commonwealth of the Northern Marianas, American Samoa and the Virgin Islands to a block grant that will give the territories broad flexibility to fashion food assistance programs that serve the special needs of their residents. Current mainland programs do not meet the special regional and nutritional needs of territories. The territorial block grant gives local discretion to tailor the nutrition programs to the administrative structure and dietary habits of the local population.

3. End the Summer Feeding Program. The short-term nature of the Summer Feeding Program makes it inherently vulnerable to poor management and abuse. With the availability of other Federal nutrition assistance programs (such as food stamps, which was not a national program when the summer program began), the Summer Feeding Program is no longer necessary. In recent years, the summer programs have been concentrated in a few large, urban States where repeated abuses

have been cited by GAO and the USDA Inspector General.

4. Terminate the Special Milk Program beginning with the 1982-1983 school year. Every President since John Kennedy has proposed major reduction or elimination of the Special Milk Program. At present, nearly 94% of the 1.6 million students receiving special milk subsidies are non-needy. These students are receiving a subsidy of 9 cents per half-pint of milk during the 1981-1982 school year regardless of their family income. The program's original goal, to promote fluid milk consumption in schools, has been superseded by the subsidies for milk consumed in other Federal meal programs in which over $700 million in milk will be served this year. The $24 million now anticipated to be spent on special milk in 1982 will have a negligible effect on milk consumption in the United States.

5. Lower State Administrative Expenses (SAE) to reflect the institution of the grant for General Nutrition Assistance and the elimination of the Special Milk Program.

6. Establish a General Nutrition Assistance Grant in place of the categorical funding for the School Breakfast

and Child Care Food Programs. We believe that funding individual meal subsidies for School Breakfast and Child Care Food Programs is an inappropriate Federal role, and we believe that the Federal imposition of nutrition program design and administration is inappropriate. Under the grant concept proposed by the Administration, States may allocate nutrition funds to schools and other institutions according to State and local priorities. They could design and implement child nutrition programs that best serve the needs of their populations; they could set their own priorities and allocate their resources to meet these priorities. More than 40 pages of program regulations and requirements would be eliminated.

7. Eliminate nutrition education activities under the NET program at the Federal level, and leave this activity to State and local discretion. Federal funding has served as a catalyst, and the States should be in a position to assume this responsibility, if they so desire. Since 1978 when the Nutrition Education and Training Program was established, large sums of funds have been allocated to this program. States have now designed and developed curricula and other teaching aids that may be used to continue the program with a minimum expenditure of their own financial resources.

8. Establish a single block grant for services to Women, Infants, and Children. The Special Supplemental Program for Women, Infants, and Children (WIC), the Commodity Supplemental Feeding Program (CSFP) and the Maternal and Child Health Program at HHS each serve the same

target population -- low income pregnant, postpartum and breastfeeding women, infants and children. The programs share the same goals to foster growth and development, prevent health problems and improve the status of the health of their participants. The Fiscal Year 1983 budget proposes to fold the funding for these programs into a $1 billion grant to States for services to women, infants, and children to be administered by the Department of Health and Human Services.

Women and their children only get a food supplement currently from the WIC Program. Evidence is available, however, that food supplements are most effective when provided in combination with health services.

The new consolidated grant would allow the States the flexibility to determine the mixture of health care and supplemental food that would best serve the needs of their population. It would enable the States to plan and coordinate their own maternal and child health service programs, establish their own priorities and exercise effective control over the resources provided so that local expenses would be reduced.

9. Provide authority to the Secretary to allocate the funds among the States in a manner that best serves the needs

of the program, if the appropriation is insufficient to fund all the meals served in the program at the reimbursement rates established by the National School Lunch Act or the Child Nutrition Act.

The changes represented in this budget reflect several primary objectives which we believe are necessary to the future well-being of the Nation. First, the effectiveness of State and local governments will be enhanced by giving them greater control over services as well as control over the resources needed to pay for them. Second, the reform of entitlement programs to correspond with basic indicators of need and cost will be advanced. Greater latitude given to the States will create opportunities for the reduction of inequities, the elimination of overlapping and excessive benefits, the retargeting of resources to those most in need, and the creation of incentives and requirements to promote more efficient program administration. Third, the reduction of inappropriate discretionary spending will be achieved, contributing to a firmer and more judicious control over Federal expenditures. We believe that these objectives are immensely important, and it is in this positive context that the 1983 proposals should be considered.

DEPARTMENT OF HEALTH & HUMAN SERVICES
Office of the Secretary
Washington, D.C. 20201

APR 2 1982

The Honorable Charles B. Rangel
Chairman, Subcommittee on Oversight
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

On behalf of the Secretary, I am transmitting the enclosed statements for the record of the March 3 hearing on the impact of the Administration's program on children.

As you know, we were unable to participate in this hearing. However, the Department does administer several key programs which serve disadvantaged children; we therefore share your interest in assuring that the effectiveness of these programs is maintained and that limited resources are targeted appropriately.

Sincerely,

Thomas R. Donnelly, Jr.
Assistant Secretary
for Legislation

DEPARTMENT OF HEALTH AND HUMAN SERVICES

STATEMENT OF CAROLYNE K. DAVIS, PH. D., ADMINISTRATOR, HEALTH CARE FINANCING ADMINISTRATION

I am pleased to have the opportunity to describe the Health Care Financing Administration's responsibilities to provide health services to children. As a prelude to this specific discussion, I would like to highlight for you some startling figures on health care expenditures in general. These figures will indicate the magnitude of this country's commitment to financing health care services, including benefits provided to children.

Total health care expenditures in the United States are now well over $200 billion per year and are approaching almost 10 percent of the GNP. The largest portion of these costs goes for hospital services, with 1980 expenditures of $99.6 billion. This reflected a 16 percent increase over the previous year's hospital costs and accounted for 40 percent of national health expenditures. Physicians' services accounted for the second largest portion of health care costs with 1980 expenditures reaching $46.6 billion dollars for almost 19 percent of all national health expenditures. Public funds - mostly Medicare and Medicaid - paid for over one-quarter of spending for physicians' services.

Since enactment of the Medicare and Medicaid programs in 1965, total health care expenditures in the U.S. have increased at least 400 percent. The Federal share of that total has increased from $6 billion in 1965 to a projected $64 billion in 1982.

The funding situation with respect to the Medicaid program is sobering. In 1967, the first full year of implementation, combined State and Federal costs totaled $1.9 billion. By 1982, the Federal share of Medicaid benefits will soar to nearly $18.3 billion under current law with an additional $15.5 billion in contributions from the States.

The Medicaid program was enacted in 1965 to protect certain groups of low income people; primarly those already receiving cash assistance. This generally includes members of families with dependent children and the aged, blind and disabled. Medicaid is an assistance program paid for by Federal, State and local taxes, with the Federal government contributing from 50 percent to 78 percent of the medical care costs in each State for needy and low-income people. Since Medicaid is operated as a Federal-State partnership, States may design their own programs, within Federal guidelines. Because of this, Medicaid eligibility and the scope of benefits available vary from State to State. In 1980, Medicaid paid medical bills for almost 22 million people who were aged, blind, disabled, or members of families with dependent children.

Because Medicaid eligibility derives automatically from receipt of AFDC payments, children are primary beneficiaries of this program. In FY 1979, dependent children under 21 represented the largest Medicaid recipient group—slightly less than half of all Medicaid receipients. Approximately, 85 percent of these children were in families also receiving or eligible to receive cash assistance payments (the "categorically needy"), while about 15 percent were covered as medically needy—that is, families who have enough income to pay for their basic living expenses but not enough to pay for their medical care.

Children covered through Medicaid must receive a basic package of services including inpatient hospital, outpatient hospital, physician, laboratory, x-ray, and those of rural health clinics. The Early and Periodic Screening Diagnosis and Treatment (EPSDT) services also must be provided to children. States may also cover a variety of optional services such as prescription drugs, eyeglasses, dental care, and rehabilitative services.

In 1979, approximately 10 million children received Medicaid services at a cost of $3.2 billion. Children used 30 percent of Medicaid expenditures for physicians' services, 28 percent for outpatient hospital services and 21 percent for inpatient hospital services.

Since the EPSDT program is designed to improve the health status of poor children, I would like to focus on it further. EPSDT is generally provided to all Medicaid eligible children. States are required to explain the benefits of preventive EPSDT services to the families of Medicaid children. EPSDT services include a package of screening and treatment services, referral of eligible recipients to title V (Maternal and Child Health) programs and services, and transportation and scheduling assistance to and from providers if requested. In addition to those services covered by a State for all Medicaid recipients, children must receive treatment services for dental, vision and hearing problems identified through an EPSDT examination. States may set some limits on the program by determining payment levels for physician services, determining the method for payment, and determining the eligibility and scope of service criteria for the medically needy. In 1980, about 2 million children received screening through EPSDT at a cost of $51.7 million. Treatment costs for problems identified through these screens were about $200 million.

In conclusion, I would like to note some ways in which the Medicaid program has improved the health care of children. Since enactment of Medicaid, we have seen rapid growth in the utilization of health care, particularly among groups previously facing the greatest barriers to access, such as children.

The percentage of poor persons with no physician visits during a two year period has declined from 28 percent in 1964 to 14 percent in 1978. The number of physician visits per year made by poor persons has increased from 4 in 1964 to 6 in 1978. We are confident that children are benefiting from these increased visits.

And, turning specifically to children, between 1965 and 1979, infant mortality declined 47 percent from 24.7 to 13 deaths per 1000 live births. Also, the death rate for children ages 1-4 went down from 154 per 100,000 in 1965 to 99 per 100,000 in 1978. And finally, in 1979, approximately 60 percent of children ages 1-4 had been vaccinated against measles, rubella, DTP, polio and mumps.

We believe that the Medicaid program has certainly improved the ability of poor children to receive needed care. Medicaid pays for the health care of one out of eight children and provides a broad range of services through a diversity of public and private providers. Children are now targeted for comprehensive, preventive services that decrease the likelihood of crippling disease and chronic illness. Medicaid now provides poor children with more care and better care than ever before available, and in doing so has enhanced the opportunity for these children to become healthy contributing members of society.

STATEMENT OF JOHN KELSO, ACTING ADMINISTRATOR, HEALTH SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES

I am pleased to have this opportunity to provide an update on the recently enacted Maternal and Child Health (MCH) Block Grant and to describe the changes the Administration is proposing for FY 1983.

The Maternal and Child Health Block Grant, enacted in 1981 as part of the Omnibus Budget Reconciliation Act (P.L. 97-35), combines the following former categorical grant programs:

- Maternal and Child Health grants to States
- Maternal and Child Health Research and Training
- SSI Disabled Children's Program
- Genetic Diseases
- Hemophilia
- Sudden Infant Death Syndrome
- Lead-based Paint
- Adolescent Health

The major purposes of this block grant program are to enable each State:

(1) To assure mothers and children (in particular those with low incomes or limited availability of health services) access to quality health services;

(2) To reduce infant mortality and the incidence of preventable diseases and crippling conditions among children;

(3) To increase the number of children appropriately immunized against disease and the number of low income children receiving health assessments and follow-up diagnostic and treatment services, and otherwise to provide for the health of mother and children;

(4) To provide rehabilitative services to blind and disabled children eligible for SSI; and

(5) To provide crippled children's services.

We are pleased that 53 States and jurisdictions have already taken over the administration of the Maternal and Child Health Block Grant, and that all States will be administering this block grant by the end of Fiscal Year 1982. States have submitted their reports of intended expenditures, are securing whatever professional and technical assistance they need, and, in general, have their programs well under way.

The Administration will soon submit legislation to broaden the recently established Maternal and Child Health Block Grant to expand maternal and child health nutrition services to include food assistance for women, infants and children. This broadened program will thus include a full range of health services for women and children. The broadening of the block grant will also assure the coordination of nutrition services with other health services for pregnant or lactating women and their young children. The combination of services provided under this block grant will be more effective in improving health status than any one component only. A Research Triangle Institute evaluation of the Women, Infants and Children (WIC) program, prepared for the U.S. Department of Agriculture, reports that "A recurring scene in studies reviewed was the necessity of merging the three program elements -- supplemental food, nutrition education, and adjunctive health care in order to obtain optimal effects from any one of them." Under the new block grant the States will be able to determine the most appropriate mix of such health and health-related services and to target resources more effectively to meet the needs of their population.

This proposal is logical and necessary for several reasons, and here are some of them:

- Nutrition services (NS) have always been a part of State health programs. In most of the States, nutrition services for women, infants and children are organizationally located in the State health agency, and State health directors have general responsibility for NS as one aspect of a broad MCH undertaking.

- State maternal and child health officials have had significant involvement in the development of NS. From the earliest beginnings of such services, State MCH staffs have exercised considerable leadership and assumed most of the responsibility in their development. For example, many MCH directors took the lead in their States, identifying areas of need, recruiting other agencies to participate in NS, developing community support systems, establishing program criteria, and obtaining additional resources. In other words, State health officials have, over the years, tried to integrate NS into their health programs.

- The same health care personnel provide both MCH and NS services in the States. Physicians, nurses, nutritionists, health aides and related personnel certify eligibility for participation in WIC as a regular part of the services they provide under maternal and child health programs. For example, the public health nurse in the pre-natal clinic, supported by Title V/MCH Block Grant funds, performs a complete health assessment and determines the mother's eligibility for WIC and other services. The nurse also instructs the beneficiaries in the principles of good nutrition as well as other aspects of prenatal education.

- Nutrition services as an important part of both the MCH program and WIC. Nutrition services have always been a key element of maternal and child health programs and historically were first developed under such programs. It makes good administrative sense to avoid needless duplication and overlap by merging the similar services provided by WIC in a new broader Maternal and Child Health Block Grant.

MCH funds are used now by State and local health agencies to employ public health nutritionists. These workers provide nutrition consultation to health professionals, dietary counsel to mothers and their families, continuing education in maternal and child nutrition, and community nutrition education efforts.

In the 1980 Report to the President by the National Advisory Council on Maternal, Infant and Fetal Nutrition, it was pointed out in Report Recommendation II that duplication of services and problems in jurisdictional coordination diluted the effectiveness of WIC as a categorical program. The report clearly recognized WIC and the Commodity Supplemental Food Program as "adjunct(s) to health care." The report recommended greater ties between WIC and other State health programs due to the logical relationship between them.

It is also worth noting that this report highlights some of the regulatory and cumbersome administrative burdens which have hindered WIC's effectiveness. The conclusion was that allowing greater innovation, responsiveness and flexibility among State program administrators would be of great benefit in making WIC dollars go farther.

STATEMENT OF DORCAS R. HARDY, ASSISTANT SECRETARY, OFFICE OF HUMAN DEVELOPMENT SERVICES, DEPARTMENT OF HEALTH AND HUMAN SERVICES

Mr. Chairman, and Members of the Committee, I appreciate the opportunity to provide you with testimony on the impact of the Administration's Fiscal Year 1983 budget proposals on programs for children. I would like to give a brief overview of those proposals, and the context in which they were made.

The budget we have presented for Fiscal Year 1983 builds upon the new course we began last year: it is based on helping those most in need through a new partnership with the States. Our proposed budget also emphasizes efforts to attack waste, fraud and abuse, improve financial management, and to simplify and streamline regulations.

Overall, the 1983 budget for Health and Human Services will total $274.2 billion, an increase of $20 billion or 8 percent over 1982. Our share of the Federal budget increased to 36 percent -- still more than all 50 States combined and more than the budget of any nation on earth except the United States and the Soviet Union and $56 billion more than the Defense budget.

One year ago, the cruel reality of inflation and the harm it was inflicting prompted the American people to demand that their government adopt spending reforms. Today, it is even more imperative that we use discipline in Federal spending. By stemming the rate of growth in HHS programs, we are helping to reduce inflation. The key to achieving the President's goal is arresting the rate of growth in the Federal government and bringing Federal spending under control. We sincerely believe that the best social service we can deliver is a healthy economy.

I would now like to give a brief overview of the Office of Human Development Services programs affecting children, and the Fiscal Year 1983 budget proposed for each.

Head Start

The Head Start program provides comprehensive development services designed to improve the quality of life for children and their families. Intended primarily for preschoolers from low income families, the program seeks to foster the development of children and to enable them to deal more effectively with both their present environment and later responsibilities in school and community life.

Mr. Chairman, I want to emphasize that this Administration strongly supports the Head Start program. It is, in my view, one of the more important and effective service programs administered by the Federal government.

Since its inception in 1965, Head Start has provided physical, dental and mental health, educational, nutritional and social services to over 8 million children and their families throughout the United States and its Territories. These services in combination with substantial parental involvement are designed to enable each child to develop and function at his or her highest potential. At least 10% of enrollment opportunities in each State are made available to handicapped children. Approximately 20% of the nation's three to five year old children living in poverty are served.

Head Start services are provided through a nation-wide network of 1260 grantees, serving approximately 2,000 communities. The program employs approximately 73,200 persons in these communities, 25% of whom are parents of current or former Head Start children. Head Start provides a variety of learning experiences that lay the framework for success in elementary school. The Head Start program also emphasizes significant involvement of parents in their children's development. Technical assistance and training activities are provided to local program staff to enhance the quality and effectiveness of the services offered. Head Start also conducts research and demonstration activities, such as developing and testing methods of delivery of family-oriented child development services using linkages with other community resources.

In Fiscal Year 1982, supported by a budget level of $911,700,000, some 377,300 children, including more than 37,700 handicapped children, are expected to participate in Head

Start. The 1983 budget level of $912,000,000 will provide direct comprehensive child development services to the same number of preschool children and their families, while maintaining current levels of services.

Child Abuse and Neglect Prevention and Treatment

The Child Abuse and Neglect program, authorized by the Child Abuse Prevention and Treatment Act, is carried out by the National Center on Child Abuse and Neglect in HDS's Administration for Children, Youth and Families. In Fiscal Year 1983, this program will consist of two principal parts: the State grants program and the discretionary program.

The proposed Fiscal Year 1983 budget request for the State Grants program provides for a funding level of $4,620,000. We believe that the States have made significant improvements in their child protective service systems since the beginning of the Federal Child Abuse and Neglect program in 1974.

State-developed and administered programs have included state-wide hotlines for reporting child abuse and neglect cases, pilot programs using volunteers and paraprofessional parent aides to work with families with abuse and neglect problems, programs to expand the use of peer support groups and development of central register management information systems.

The discretionary projects portion of the Child Abuse and Neglect program has been included in the budget request as part of a proposed consolidation of social services research, demonstration and special project programs.

I would like to point out, however, that this consolidated discretionary program will include a focus on items of priority to child abuse and neglect, as well as projects which address service management and delivery issues common to child abuse programs and other social services programs.

Among the significant activities considered for assistance in this area would be continued support for a national information clearinghouse to collect, analyze and disseminate information on innovative programs to prevent and treat child abuse and neglect. Additional projects might include other research and demonstration activities in the areas of child sexual abuse, adolescent maltreatment, and child protection in residential institutions. The common theme for these projects would be the development of replicable, cost-efficient approaches which hold promise of reducing the incidence of child abuse and neglect in this country.

Adoption Opportunities

The Adoption Opportunities Program is authorized by Title II of the Child Abuse Prevention and Treatment Act amendments of

1978. It is carried out by the Children's Bureau in the Administration for Children, Youth and Families in HDS. This is a program of discretionary projects, rather than services funding. Projects funded by this program have included programs which focus on solving the plight of special needs children who are awaiting adoptive families; programs which highlight ways to meet the adoptive needs of minority, handicapped and older children and youth with special needs; and other projects assisting in the identification and dissemination of information, education and training materials on adoption.

As with the child abuse discretionary program, funds for this area of special need have been included in the budget proposal as part of the proposed consolidated discretionary social services program. Again, projects with a special focus on adoption opportunities will be funded in addition to cross-cutting projects which can produce results significant for adoption programs as well as other social services programs. Among projects to be included would be the national adoption information exchange system.

The Administration is deeply concerned about the plight of children with special needs who are in need of loving adoptive families. We are committed to helping the States meet the needs of these children, many of whom are from minority races and cultures, mentally, physically or emotionally handicapped, or over the age of ten years or in sibling groups. We believe there are many efforts already underway by individuals, agencies and organizations in both the public and private sector. We will emphasize the use of resources to better facilitate these collaborative efforts on the State and local levels, to provide seed money to help successful efforts be replicated, and to encourage the exchange of information and technology among States.

Runaway and Homeless Youth Program

The purpose of the Runaway and Homeless Youth Program is to provide support to local and State governments, non-profit agencies, and coordinated networks of these agencies to develop or strengthen community-based facilities to deal with the needs of runaway and homeless youth and their families.

The Fiscal Year 1983 budget request of $6.6 million for State Grants will allow for the continued support of community-based centers which provide temporary shelter, counseling and aftercare services. The services provided by these centers are designed to address the immediate needs of youth while they are away from home and to provide individual and family counseling and other assistance required to resolve intrafamily problems and to strengthen family relationships. Additionally, both directly and through linkages with other social services agencies, the centers provide other services such as medical, mental health, education, legal, and employment services geared to the needs of the individual clients served.

Funds for the support of runaway and homeless youth centers are allocated on the basis of the youth population under age 18 in each State as compared with the total youth population of all States. This allocation is mandated by the statute. Grants are awarded on the basis of competitive review of applications within each State. The centers are diversified as to geographic location and size.

There are an estimated 733,000 youth who either run away or are pushed out of their homes every year. A major thrust of the program is the reunification of runaway or homeless youth with their families or their placement in appropriate alternative living situations. About 25 percent of all youth served by the facilities funded by this program are homeless and cannot be reunited with their families.

The discretionary funds for the Runaway and Homeless Youth Programs are also included in the budget request for the consolidated discretionary social services fund. Among the activities to be supported in the area of runaway youth out of this fund is the national toll-free communication system ("hotline") which provides a neutral channel of communication between runaway or homeless youth and their families and refers the youths and their families to agencies within their community for needed services or assistance at the time of their initial contact. A distinct component of the national toll-free communication system is the Agency Information Service which is maintained to facilitate communication among the 8,000 youth and/or family service agencies for referral services on both a crisis and aftercare basis. The toll-free system will serve over 200,000 runaway and homeless youth in crisis and their families during Fiscal Year 1983.

Developmental Disabilities

The Developmental Disabilities Program provides support to enable States to improve and coordinate the provision of services to persons with developmental disabilities through the use of Federal, State, local and private resources and to provide for a system of protection and advocacy of individual rights of developmentally disabled persons.

Under the definition of developmental disabilities contained in the law, there are about 3.9 million people in the United States who are developmentally disabled (approximately 35-40% of the developmentally disabled population are children). Each disabled person has different abilities, interests, values, and needs. The program recognizes that the potential of disabled persons can be developed by providing varying combinations of services throughout their lifetimes. Emphasis is on collaborative work among many types of human services in the private sector and at each level of government. The program relies on a wide range of services which could only be made available by tapping many agencies, as well as special kinds of help often obtained from non-profit groups and business firms.

The Developmental Disabilities law provides for the commingling of funds with those of other programs -- integrating the efforts of both specialized and generic services. Small sums of money are multiplied through use of ongoing service systems. This multiplying effect has involved a long-range process of forming a coalition of consumers, State legislators, State agencies, local governments, providers, and the general public to provide and coordinate the services needed by the developmentally disabled population.

The budget request for Basic State Grants and Protection of Rights and Advocacy Grants for Fiscal Year 1983 is $31,977,000. These funds are requested to continue activities of administration, planning, coordinating, and service activities for the developmental disabilities state program operations and to provide States with the capacity to continue their efforts toward necessary program linkages and gap-filling endeavors. The portion for Protection of Rights and Advocacy grants ($7.3 million) is to continue the activity which provides a mechanism for protection of individual rights of persons with developmental disabilities and to assure that they obtain quality services needed for maximum development.

The discretionary funds for developmental disabilities related projects (including Special Projects and University Affiliated Facilities) are included in the budget request for the consolidated discretionary social services fund. As in the program areas previously mentioned, projects under this fund would include activities focusing on special issues for the developmentally disabled, as well as cross-cutting issues. The developmental disabilities program, with its special emphasis on linking services systems and related support for clients with multiple needs, lends itself particularly well to closer coordination with related social services projects.

Among the types of projects which could be supported would be special projects which, as in the past, would focus on improving the quality and quantity of services required to meet the special needs of the developmentally disabled. Demonstration projects have focused on improving services by implementing standards, on increasing consumer and volunteer involvement, and on supporting programs for special groups including the aged, rural, and minority groups. The University Affiliated Facilities program has provided funds to support the administration of these facilities which have trained over

750,000 individuals since 1978. Under the consolidated discretionary fund, we will continue the most productive special projects and University Affiliated Facility projects.

Social Services and Child Welfare

This fiscal year 1983 budget for social services activities under the new Social Services Block Grant continues the effort begun in fiscal year 1982 to increase State flexibility in the programming and administration of program resources and to simplify Federal administrative and oversight responsibilities. The Social Services Block Grant under Title XX of the Social Security Act, enacted as part of the Omnibus Budget Reconciliation Act of 1981, was implemented in fiscal year 1982. This block grant program was designed to provide States with greatly increased flexibility in determining priorities among the needs of their population and in allocating resources among those priorities. Interim final regulations for this and the other six HHS block grants were published on October 1, 1981.

A level of $1,974,126,000 is requested for the Social Services Block Grant to continue support for a variety of social services at the State level. The amount requested represents approximately 82 percent of the amounts States received in fiscal year 1982. Services which a State may choose to provide may include, but are not limited to: child and adult day care services, protective services, foster care, transportation, family planning, training, information and referral, counseling, delivery of meals, and health support. In addition, a State may use a portion of its allocation to support work incentive programs, including related child care and supportive services.

Since we are less than halfway through fiscal year 1982, the Department does not yet have available specific data on use of the social services block grant funds by the States. We hope to have preliminary data later this spring. However, we expect that in fiscal year 1983, as in fiscal year 1982, the States will be in a position to use the greater latitude in use of these funds to develop more cost efficient and effective social services delivery systems.

As part of this same effort to increase State flexibility in management of social services programs, we are proposing this year the consolidation of the major Federal children's services authorities under Title IV of the Social Security Act: Child Welfare Services and Training, Foster Care and Adoption Assistance. The proposed authorizing legislation for this block grant is now being developed. The proposal is not yet final, but we believe we have crafted a program which reduces the Federal burden on the States, while at the same time retains the essential protections for children in foster care and for those receiving child welfare services that are embodied in the Adoption Assistance and Child Welfare Act of 1980.

A level of $380,120,000 is requested for the new Child Welfare Block Grant authority. The amount requested represents 82 percent of the comparable fiscal year 1982 level for the activities proposed for consolidation in this appropriation. This request is based on the assumption that Congress will enact the required enabling legislation prior to the enactment of fiscal year 1983 appropriations.

We believe that the overall effect of these changes in the social services programs will be to allow States to maximize resources and administer programs within their jurisdictions to best respond to circumstances and priorities within their states.

Conclusion

In conclusion, Mr.Chairman, I want to reemphasize that all of the budget proposals for these programs that I have outlined for you are an integral part of the President's program for economic recovery. Each of these programs responds to a particular special need, but their helpfulness is limited unless the overall economy can be brought under control. To do that, we must stem the rate of growth in Federal spending, and work with State and local governments and private organizations to use the resources available for social services programs in the most effective manner possible.

STATEMENT OF LINDA S. MCMAHON, ASSOCIATE COMMISSIONER FOR FAMILY ASSISTANCE, SOCIAL SECURITY ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES

Mr. Chairman, and Members of the Committee, I appreciate the opportunity to provide you with testimony on the impact of the Administration's Fiscal Year 1983 budget proposals on programs for children.

I would like to address the changes which were made in the Aid to Families with Dependent Children program. Since most of the recipients of AFDC benefits are children, it is inevitable that they are affected by the legislative changes enacted last year, and additional proposed changes this year. However, this Administration believes that is in the best interest of every AFDC child to establish AFDC as a well-run safety net program which moves individuals and families from welfare dependency to employability and self-support.

Last year's changes in AFDC and the Administration's proposals for this year accomplish this in two ways. First, our AFDC proposals continue the progress made last year towards strengthening AFDC work requirements. At the same time, the Administration is proposing funding for job-training opportunities targeted to AFDC recipients and unemployed, disadvantaged youth. These proposals will improve the employability of the adults who are responsible for AFDC children.

Second, we are targeting benefits to those whose need for assistance is the greatest. In the absence of these changes, many States would have been forced to reduce benefits to their entire assistance population. For example, until last year there was a permanent and substantial disregard of earned income with no limit on the amount of gross income a family could receive and still receive AFDC benefits. Families were receiving assistance while having levels of income well above the State standard of need. This year, we propose to end the practice whereby families can selectively exclude members from the unit in order to maximize benefits and to require States to recognize the contribution of individuals who share a household with an AFDC family. We believe that if a family has income adequate to meet the family's basic needs, judged by reference to the State-set income standard, then it is not our role to supplement that family's income.

The majority of AFDC children were not affected by last year's changes. These are the neediest children -- children whose families have no other sources of income and children whose responsible relative is physically or mentally unable to provide adequate support. Evidence we have received thus far indicates that, by removing families with other sources of income from the welfare rolls, States have been able, in this time of severe budgetary contraints at all levels of government to increase benefits to the children whose need is the greatest.

STATEMENT OF THE AMERICAN PHYSICAL THERAPY ASSOCIATION

The American Physical Therapy Association welcomes the opportunity to comment on the expected impact of the President's FY '83 Budget proposal on children. Our statement specifically addresses the Maternal And Child Health (MCH) program.

The MCH Block Grant program provides general health services to pregnant women, infants, children and adolescents, and specialized health services to handicapped youngsters. The mothers and children served by these programs would not otherwise have access to needed health care because of their limited financial resources or the lack of medical specialists and other health care professionals in the areas in which they live.

A program of physical therapy screening and treatment is essential in the overall habilitation and rehabilitation children with multiple handicaps. The Maternal and Child Health Program supports the following agencies which provide direct multidisciplinary services, including physical therapy, to handicapped children and their families:

- State Health Department programs providing "Crippled Childrens Services"
- Child Development Centers
- University Affiliated Programs*
- Pediatric Pulmonary Care Centers*

Children also benefit indirectly from various discretionary programs involving training and research.*

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*These, among other programs, are included in an appropriation "set aside" which is discretionary and totals 15% of the MCH Block Grant.

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Large proposed funding reductions for the MCH Block Grant program in FY 1983 follow closely on the heels of drastic cuts in the 1982 budget. In 1982 state formula grants were reduced by 24% and the federal set aside decreased by 44%. It is now proposed that an additional $281 million be sliced from the 1983 budget. It should be noted that the Title V Crippled Children's program was relatively underfunded for a number of years. Since funding increases over the past ten years have not kept up with inflation, the program has already actually suffered a 27% cut. Programs designed to provide services for handicapped children, moreover, have been particulary hard hit by these cuts in the MCH Program:

Physical Therapists who work in the above-mentioned settings have repeatedly informed us of the debilitating effects which the present cuts have already had on the children served by these programs. Inclusion of the Womens, Infants and Children (WIC) program into a new Services for Women, Infants and Children block grant, without the addition of adequate funding, will only serve to further erode the effectiveness of all the programs involved.

Crippled Services Programs (Title V)

These programs receive both federal and state money. Cuts in the programs have resulted in many children being underserved due primarily to eliminations of staff positions. One director of a physical therapy program in Delaware reported that in recent years different funding sources have "dired up," resulting in a 50% staff reduction. At the same time, the number of children served, most of whom are multiply handicapped, has remained constant. In this particular instance, six full-time and one part-time physical therapists are serving 300 children, an excessively high child-to-therapist ratio. Another physical therapist in Tennessee reported that cuts in the programs have resulted in the elimination of provision of wheelchairs. Further, these cuts, coupled with various Medicaid cuts, have forced the closing of a Crippled Childrens Hospital in Memphis.

A PT from Massachusetts, in addition to echoing the remarks of others about staff reductions has reported that her state has lowered the maximum age limit and tightened financial eligibility criteria, thus reducing the numbers of children served.

Crippled Childrens Centers provide a unique "package" of multidisciplinary services. Handicapped children need such coordinated and centralized programs which they cannot receive through the offices of primary care physicians, who are frequently unable to provide the case management services which these children require. If these centers were not available, many children probably would have to be institutionalized, a process which frequently results in care of poorer quality being provided at higher cost.

University Affiliated Facilities (UAF's)

Physical therapy is one of the most frequent treatment services provided through UAF's. Services of all types are furnished to 67,000 handicapped children per year by practitioners and students of physical therapy and other disciplines. The MCH funding supports training of UAF personnel and students who serve handicapped children. UAF's receive funding for administrative portions of their budget through the Developmental Disabilities Program administered by OHDS/ADD. Existing cuts in MCH funding have affected UAF's by resulting in drastic reductions in faculty and practitioner positions as well as traineeships to students. Thus, the population served by the UAF's evaluation and treatment services, community consultation, and professional training and research dissemination is greatly reduced.

Furthermore, it should also be noted that the office of Human Development Services has reported that the Administration on Developmental Disabilities has recently proposed to eliminate funding for many UAFs by 1983.

Pediatric Pulmonary Centers

There are eleven of these centers throughout the country. Special diagnostic and treatment services are provided by physical therapists to newborns who suffer respiratory problems caused by: pneumonia, asthma, cystic fibrosis, immunologic disorders affecting the lungs, and pulmonary problems resulting from neuromuscular/skeletal disorders. As with other programs mentioned above, cutbacks in staff positions and reductions in training support have been proposed. These further cuts, in a program which in 1982 was slashed by 42%, if approved by the Congress, would be devastating.

We trust that this information, from the perspective of physical therapists, will be useful in your deliberations on the nature and funding of these programs. We urge you to ensure that these programs receive adequate funding and to resist the proposal to add additional programs to the Maternal and Child Health block grant.

STATEMENT OF THE COMMUNITY SERVICE SOCIETY OF NEW YORK

The Community Service Society of New York (CSS) is pleased to submit testimony to the Committee concerning the human impact of the Reagan Administration's budget cuts in programs affecting children and youths in New York State. For more than a century, CSS has been one of New York City's major social agencies, dedicated to aiding successive generations of the urban poor. During this time, we have pioneered programs which have since received national recognition and adoption. Today those of us who deal with the problems of the poor are facing poverty in a new intractable guise and are being asked to combat it while major programs at the federal level which have proven essential in this struggle over the last several decades are being systematically destroyed.

Since January, 1981, CSS has been carefully monitoring the impact of the massive cutbacks proposed by President Reagan and adopted by Congress. We have circulated these analyses to hundreds of community organizations, businesses and church groups in the metropolitan area. At the same time, we have had to confront the daily effects of the federal cutbacks as we deal with the victims in several of our service programs and seek to assist imperiled community based organizations with technical assistance. The material which we present today is based therefore on intensive research as well as firsthand field experience.

The children of New York City and New York State, like other children in states across the nation, have been primary victims of Reaganomics. This could not be otherwise, because the vast majority of entitlement and categorical programs were designed to help families in need. To start, let's examine a few of the major entitlement programs.

In New York State, and the rest of the nation as well, at least two-thirds of the beneficiaries of the Aid to Families with Dependent Children (AFDC) program are children under the age of 18. (Recently compiled figures show that 36% of these children are under the age of six, while another 49% are between the ages of six and 14.) In New York City alone, as a result of the FY '82 cutbacks, 11,600 individuals were dropped from the program and an additional 32,000 had their already meager benefits reduced. If the President's budget proposals for FY '83 are enacted, these numbers will increase by a minimum of 50%. Statewide, well over 100,000 people, mostly children, will be affected.

And despite the decreasing availability of essential day care services, single mothers, even those with children as young as three years old, will be forced to look for work under President Reagan's proposals. Those who fail to find it (the number should be large in the midst of one of the worst recessions in the nation's history) will be forced to participate in "workfare". They will be assigned to a specific site to perform work at the minimum wage - with no benefits, no vacation days, no credit toward Social Security or pension - in short, a new form of indentured servitude. (A soon to be released study by CSS on child care and the working poor will show that 20% of working mothers left their children unattended while the remainder were forced to spend $35-$40 a week for child care in the private market.)

In the Food Stamp and Medicaid programs, 50% of those served are children. In New York City, 17,210 persons have been dropped from the Food Stamp program completely, while 98,000 more have had their benefits reduced. (Approximately 4,200 persons lost both their AFDC and Food Stamp benefits.) For FY '83, the Administration proposes another 20% cut, or an overall one-third cut in the program in only two years.

Medicaid cuts have not yet had any significant impact on children in New York State. But the new round of cuts proposed for next fiscal year could alter this radically. For the first time, Medicaid patients would be required to pay part of their outpatient and inpatient costs. Most of these additional expenses would have to come from welfare budgets already stretched to the breaking point. The reality is that poor families will postpone routine and preventive medical visits, and care will only be sought in emergencies. In the long run such care is the most expensive, often necessitating costly hospitalization when outpatient treatment might have been sufficient.

Even entitlement programs which seem remote from the lives of children often have little known components which directly affect their well-being. For instance, Supplemental Security Income (SSI), which is generally perceived as involving only the elderly and handicapped populations, actually provides benefits in New York State to 25,000 blind and disabled children. Projected SSI cuts of $300 million, especially rounding to the lower dollar figure, will further impoverish these children. These cuts have been concentrated in 16% of the total federal budget for income security programs.

HEALTH AND NUTRITION

When we leave the area of entitlements and move on to the former categorical grant programs, we find an even more disheartening picture. Let's take maternal and child health care for instance.

In FY '82 a number of crucial health programs were combined in the Maternal and Child Health Block Grant and overall funding was reduced by 18%. In FY '83, the President proposes abolishing the Special Supplemental Food Program for Women, Infants and Children (WIC) as a separate program and incorporating in the MCH block grant with a 35% spending reduction. If New York State sustains the cut, 63,000 women and children will lose services.

The assault on these programs offers a devastating but illuminating example of exactly where the priorities of the Reagan Administration lie. In 1982, $2 million was cut from funding for childrens' immunizations. At the same time, however, the military was provided $1.4 million to provide immunizations and other veterinary services for the pets of military personnel. Additional millions are spent each year on the free transportation of military pets when personnel are transferred from base to base. If the veterinary benefits for military personnel were eliminated, according to the Children's Defense Fund, then 35,000 low income children could be immunized instead.

The same situation exists in child nutrition programs. Last year, President Reagan forced the elimination of the morning juice and crackers supplement in day care services for the children of working mothers across the country. Yet the Reagan budget proposals last year and this continue to provide subsidies for five separate dining rooms in the Pentagon where senior officers and highly paid civilian officials eat at the taxpayer's expense. If these dining rooms were run on a self-sustaining basis, enough money could be saved to provide mid-morning juice to 3.7 million low-income children in Head Start and day care centers.

This year the President proposes abolishing the special summer feeding and milk programs for schools too poor to provide food services. He would eliminate the School Breakfast Program and the Child Care Food Program, combining them in a new block grant with funds reduced from $735 million to $488 million.

EDUCATION

President Reagan's proposals for funding reductions in the area of education would devastate the lives of low income children. Under the FY '83 draft budget, the Title I program, which provides remedial education for 200,000 children in New York City alone, would be reduced by 20% next year and 37% in 1983-84. Bi-lingual education would be cut 20% next year and 40% in 1983.

In 1975, Congress adopted the Education for all Handicapped Children Act, a landmark piece of legislation which amounts to a Bill of Rights for these children and compels states and localities to meet their special needs. While federal funding has never been adequate, it provided a crucial start in a long neglected area of human rights. Now President Reagan seeks to repeal the legislation entirely, cut spending by 28% and incorporate related programs in two block grants. In New York City, 38,000 children are aided by these funds; many are still on waiting lists for service.

Federal funding for vocational education would be cut 22% next year and receive additional cuts as part of a block grant in future years under the President's proposal. This would severely limit current plans in New York City and New York State to expand and update teaching methods and equipment in an attempt to make these programs more responsive to the real needs of business and industry.

While no cuts have been requested in funding for Head Start next year, the Follow-Through Program, which assisted Head Start children in the early grades and made sure they did not slip behind, is scheduled for elimination in President Reagan's budget.

SOCIAL SERVICES

Title XX, the major funding source for public day care services for children in New York State, suffered a 19% cut last year. In New York City, tax levy funds are being used to make up for that cut. But an additional 18% cut in Title XX sought by the President may make that effort impossible to sustain. The City's Human Resources Administrator warned recently that

46 day care centers providing care for 8,500 children might have to close if the President's budget is enacted as proposed.

The Administration has proposed a new Child Welfare Block Grant for next year combining several critical programs for children at particular risk in areas such as child welfare services, foster care and adoption assistance. These programs focus on preventive services, attempting to avoid much more expensive alternatives. We at CSS have fought hard for reforms in these areas at all levels of government for many years. We see the 23% funding reduction proposed by the President as nothing short of a catastrophe for families in trouble. Families are having their incomes cut savagely, while support services disappear. Ironically, just as reforms are moving forward with the real potential to save significant amounts of funds while aiding families and improving childrens lives, the Federal cutbacks would sabotage these efforts. For instance, preventive services to a troubled family cost $2,500 annually, while it costs $7,000 to $16,000 for each child who must be placed in foster care.

Similarly, just as we are beginning to recognize the scope of our problems with runaway and homeless youth, President Reagan cut the federal program for these youngsters by 45% this year and proposes an additional cut from $10.5 million to $6.6 million in next year's budget. But New York City alone has 20,000 homeless youth on its streets, and every major city in the nation reports this as a growing problem.

EMPLOYMENT

Youth employment and training is another area which is experiencing destructive and self-defeating spending cuts. Last year, 80% of the funding for the Youth Employment Demonstration Projects Act (YEDPA) was eliminated, the Young Adult Conservation Corps was abolished and the Summer Youth Employment program was reduced by 20%.

If the trend inherent in President Reagan's economic program is allowed to continue, then millions of children in New York State and tens of millions across America face the stark reality of a bleak present and an even bleaker future. This is why Community Service Society, an association of volunteers and professionals working together to improve the condition of the poor, urges Congress to reject the many destructive myths which have helped to launch this assault on the poor.

Waste and fraud, to the extent that it actually exists in social programs and entitlements, need not be eliminated at the expense of children who are the vast majority of these programs beneficiaries. CSS has always been in the forefront of those who support effective management and reorganization of these programs to make sure that every dollar spent achieves the optimal benefits possible. We stand ready to provide assistance to those who sincerely seek to improve these programs.

Unfortunately, the cutbacks we are accomplishing will only produce needless suffering and in the long term cost us much more as a society because we failed to make the improvements in health, education, social services and employment for which these programs provide the foundation. Untrained minds, damaged psyches and unhealthy bodies are not the building blocks of a sound future, but they are the inescapable outcome of the current policies advocated by this Administration. We urge this Congress to restore the American tradition of social decency and equal opportunity to the crucial decisions which must be made about reshaping our economy.

3/31/82

1214 South Gramercy Place
Los Angeles, California 90019
March 30, 1982

John J. Salmon, Chief Counsel
Committee on Ways and Means
U. S. House of Representatives
1102 Longworth Office Building
Washington, D.C. 20515

Dear Chief Counsel and Committee Members:

This and the attached letter are submitted to you as testimony on the impact of federal budget cuts on America's children. My husband and I wrote the attached letter to express our outrage at the awarding of a humanitarian medal to President Reagan by the National Conference of Christians and Jews. In it we outlined a few of the significant ways this administration has hurt our nation's children, and the indications that block grants to states will insure further diminished services to children. This administration has already---and in recommendations for the future, is continuing to---physically and emotionally deprive and damage children to an extent unparalleled in the history of this country. It is nothing less than federal child abuse.

Here in Los Angeles County, the impact is already so severe that the thought of further cuts is blood chilling. Deaths from parental child abuse are definitely up. Children over the age of eight are on their own---simply not being taken into the out-of-home care system if their parent(s) are beating, burning or breaking them. To be taken into the system in Los Angeles County, right now signs of physical abuse (bruises, cuts, burns, broken bones) must be apparent. Even for children under the age of eight, their having been starved, kept in filthy surroundings, kept locked away from contact with other people, not clothed adequately---or otherwise neglected---are not grounds for their removal from neglecting parents and placement in out-of-home care, while help and services could be given to the parents. These factors may not show up in statistics yet, but they are collected from reliable sources within the county Department of Public Social Services. Case loads here have doubled since January.

The cutbacks imposed by this administration are so rapid and so severe that the agencies and departments effected by them are unable to respond appropriately. Instead, they are being forced to shut off services to certain children, drawing ever shrinking lines around the groups of children they can serve. Workers are being asked to serve larger numbers of children than is humanly possible. The entire field of Child Welfare will suffer as the stress of impossible expectations, and frustration of seeing children die because their parents could not be given the psychological help they needed, and anger at watching children grow up in out-of-home care instead of having their parents rights terminated by the courts and being placed in adoptive homes, cause the dedicated, caring professionals to leave the field to preserve their sanity.

Adoption is the most cost effective aspect of Child Welfare. Each time a child is adopted, instead of growing up in foster care or institutional care, thousands of tax payers dollars are saved. Even a special needs child adopted with the aid of a subsidy given to his/her new family, saves money. A worker is no longer assigned to the child's case, so administrative and personnel costs are eliminated, and additionally, subsidies are rarely equal to the foster care payment for the same child.

This administration, by recommending the block granting of the Child Welfare and Adoption Assistance Act of 1980, PL 96-272, is rendering it impotent, even in the most financially affluent states. The provisions of this act should be used as models for the improvement of human services in this country. It is designed to require efficient use of funds, to demand improvement of services where they are lacking and to concentrate efforts on the areas that will make a difference for children. It offers states financial rewards for compliance with its improved service requirements over a feasible time frame, and at the same time contains stiff penalties, termination of federal funding, for non-compliance. It is an Act which deserves the opportunity to demonstrate its logical, cost-effective plan in action.

Children are suffering today in this nation because of the cuts made already in programs such as Child Nutrition, Aid to Families with Dependent Children, Title I, physical and mental health programs. Funding for these programs must be increased, not reduced.

The Child Welfare and Adoption Assistance Act of 1980 must not be placed in a block grant, and deserves full funding so that its provisions may be fully implemented.

Sincerely,

Katherine Miller

Katherine Miller
Adoptive parent
President, Open Door Society of Los Angeles
Member, California Children's Lobby
Secretary, California Association of Adoption Agencies, Southern Region
Member, California Foster Care Network
Member, North American Council on Adoptable Children
Member, Southern Christian Leadership Council
Member, National Black Child Development Institute
Legislative Chairperson, California Adoption Advocacy Network

1214 South Gramercy Place
Los Angeles, California 90019
March 24, 1982

David Hyatt
National Conference of Christians and Jews
43 West 57th Street
New York, New York 10019

Dear Sir:

Your organization has just demonstrated the hypocrisy that has led us to choose to raise our family in the absence of any commitment to organized religion.

Instead of giving Mr. Reagan an award for "courageous leadership in governmental, civic and humanitarian affairs," your organization ought to be leading the efforts to publicly chastise the man for depriving the children of the United States of decent health care, adequate food and shelter and quality education.

Do you honestly believe that he demonstrated "courageous leadership" when he:

- Cut $ 3 million from the childhood immunization program for 1982, and proposed a further $ 2 million cut for 1983---needlessly endangering the lives of children with diseases we have controlled for years. *
    + Did not cut the $ 1.4 million the Defense Department spends for shots and other veterinary services for pets of the military, plus the added millions of public dollars that pay for the transportation of pets for military personnel.
- Eliminated the Child Nutrition Equipment Assistance program of $ 15 million that helped child care centers and schools in low-income areas buy equipment to serve hot meals to eligible children, and reduced the total children's nutritional program (school lunches and breakfasts, child care food and others) by 44.3 % since coming to office---drastically reducing a major source of balanced meals for millions of our children.
    + Allowed the Army's plan to give away new industrial machines to defense contractors for a $ 58 million cost in moving and installation expenses alone, instead of encouraging these huge corporations to purchase what they need to meet their contracts on the open market.

The granting of a "blank check" to this country's military-industrial complex is leading to unmonitored, unexamined abuses of public funds that make the fraud which has occurred in the welfare, food stamps and Medicaid programs look minuscule in comparison. The Reagan administration is literally "throwing the baby out with the bath water," as it eliminates social programs and robs our future generations.

Reagan never mentions that 70% of the "welfare cheaters" he is cutting off as he "prunes non-essential programs" are children. He said, "Like F. D. R. may I say I am not trying to destroy what is best in our system of humane, free government." How dare this man compare himself to the architect of the social programs he is destroying?

- * He did not say that he is denying most of the half a million children trapped in our out-of-home-care system the opportunity to have a family of their own when he recommends repealing of PL 96-272, the Child Welfare and Adoption Assistance Act of 1980.

- * He didn't mention that he is forcing many already burdened parents of handicapped children to pay for schooling to meet their children's needs for special education by having cut funding for the education of the handicapped by 29.6% since taking office, and by asking for a 19% further cut in 1983.

- * He did not say that since taking office, he has cut Child Abuse State Grants by 37.8%---programs that protect helpless children from parents who take their anger out on them; bruise, bloody and batter them; and often kill them. The solution has been left, apparently, up to Nancy Reagan, who is going around the country joining child abuse councils so that they will feel better about being rendered impotent and de-funded by her husband.

- * He didn't mention that even the most successful federal orogram for children, Head Start, will suffer when inflationary factors are taken into consideration---not forgetting the 51% cut he has made in Compensatory Education funding, or $6017.1 million cut from all education.

Can anyone consider these programs non-essential? For this, you offer an award?

Expecting volunteers, private enterprise, and state and local governments to leap up, shouting, "I'll do it!"---clamoring to pick up the social responsibilities dropped by the federal government---is like expecting to fund your child's college education out of donations from the tooth fairy. Already struggling to make ends meet, state and local governments stand to lose more than $ 27 billion as a result of the reductions in federal taxes from fiscal year 1981 to 1986. They will be forced to stop linking their own tax structure to federal tax amounts and to increase the burden on tax payers through higher state and local taxes.

- * When the 535,000 jobs which were to be funded by CETA Public Service Employment were eliminated by Reagan, only one third of those unemployed found jobs immediately, and one year later, another third were still out of work. So much for private industry's commitment to picking up the gauntlet, even in their area of expertise, providing jobs. How much sorrier will their performance be in child welfare?

- * Merely threatening to repeal the Education for All Handicapped Children Act stimulated 13 states to begin to repeal or substantially weaken their own state special education laws. The states cannot be relied upon to protect children by replacing the lost federal funds, or by maintaining even present standards of quality of service.

The President has not looked at the hands outstretched in Watts, in East Los Angeles, in Appalachia or in Harlem, or he couldn't have stated, "Government can't properly substitute for the helping hand of neighbor to neighbor." In these low income areas there are a few helping hands from one to another, but the resources, power, job capabilities and transportation do not exist. The adults are asking for enough of a boost up, so that they can make it on their own. The children are wishing they had more to eat; wondering whether the clean houses they've seen in pictures and on television exist; wishing they weren't so bored in school, that they could learn something; and wishing that their care-taker (mom, dad, aunt or foster parent) cared more about them. They won't understand when they must continue to wear out-grown, holey clothes because their mom has had to quit her job and go on welfare full-time because changes in AFDC will cause her to lose more benefits than she would gain from her job. What good is a mere "helping hand" in the face of such purposeful, systematic degradation?

How could we dream of leading the world to peaceful co-existence in the years to come, when we are publicly acknowledging the man responsible for federal abuse of our children, our nation's future, in a positive way, rather than by criticism? It will cost the tax payers of the future billions of dollars to pay for the damage caused by this administration---in increased institutional and jail costs and in larger numbers dependent on welfare and jobless because they lacked adequate education and training.

> OUTRAGE is the only word to describe the awarding of the Charles Evans Hughes medal to the master destroyer of social services---children's services in particular---President Reagan. Even admitting a mistake will not be enough. THE AWARD MUST BE RESCINDED BY THE NATIONAL CONFERENCE OF CHRISTIANS AND JEWS, IMMEDIATELY.

Sincerely,

Katherine Miller

Katherine Miller

David G. M

Dr. David G. Miller

cc:
New York Times
Los Angeles Times
Children's Defense Fund
North American Council on Adoptable Children
California Children's Lobby
President Reagan
David Stockman
Jules Sandford, attorney

* All statistics can be verified in our resource:
A Children's Defense Budget: An Analysis of the President's Budget and Children, 1982, Children's Defense Fund

STATEMENT OF THE CHILD ADVOCACY WORKING GROUP, NATIONAL COUNCIL OF CHURCHES

The Child Advocacy Working Group of the National Council of Churches is pleased that you have given us the opportunity to address the urgent needs of children and their families in the face of devastating budget cuts, both realized and projected, in programs affecting our children.

The Child Advocacy Working Group with its focus on society's obligation to the "child in our midst" is made up of representatives from ten major national denominations (Protestant and Orthodox), and the agencies within those communions, which share a common commitment to identify and change the social conditions which harm children and their families.

As child advocates, we know that a healthy economy is important to family stability and the well-being of the poor in our society. Our deep concern, however, is that this Administration's budget is asking the poorest and most vulnerable - our children - to sacrifice unfairly. At the same time deep and painful cuts are made in current programs - which provide daily bread, basic health care, day care for the working poor, special care for the handicapped child, and the protection of children from cruel abuse and neglect - the most affluent individuals and institutions receive tax benefits and loopholes and our defense expenditures have increased (for fiscal year 1982) by $32 billion.

In 1953 Dwight David Eisenhower warned:

> "Every gun that is made, every warship launched, every rocket fired signifies. . .a theft from those who hunger and are not fed, those who are cold and are not clothed."
> "This world in arms is not spending money alone. . .It is spending the sweat of its laborers, genius of its scientists, the HOPES OF ITS CHILDREN."

The Fiscal year 1982 budget blatantly illustrates this theft where money was taken from needy children while military expenditures, even non-essential ones related to national defense, went untouched. For example:

> President Reagan proposed an additional $3 million cut in the childhood immunization program for FY 1982 which would eliminate immunizations for 75,000 children at risk. In FY 1983 he plans to cut $2 million more. The Defense Department spends $1.4 million on shots and other veterinary services for the pets of military personnel. Additional millions are spent on the transportation of military pets when personnel are transferred. If the veterinary benefits for military pets were eliminated, 35,000 low income

children could be immunized instead.

For FY 1981 and FY 1982, President Reagan rescinded and proposed cutting a total of $23.9 million from the Preschool Incentive Grants for handicapped children which serves more than a quarter of a million handicapped 3 to 6 year olds. In FY 1983 he is proposing to effectively eliminate the program through block grant and further cuts. These children are given early instruction in learning and communication skills so that they will be able to benefit from later schooling. The General Accounting Office has estimated that almost half of all messages sent over Defense Department teletype machines are routine, non-priority messages better sent by mail at a savings which would total $20 million a year. The excess teletype machines could be donated to programs for deaf children, thus further increasing savings.

It is our urgent request that not another dime be taken away from programs for the poor, homeless and handicapped children and their families. Rather, we urge the maintenance of those current programs for children which are demonstrably cost-effective and successful and which are designed to meet basic survival needs and ensure opportunities for the most vulnerable children in our society.

In the past year, President Reagan's promise to get people working to decrease dependency and insure basic well-being for Americans has resulted in the following dismal statistics:

**There are one and one-half million more Americans out of work today than a year ago.

**Three and one-half million more Americans have fallen below the poverty level in the last year. One million are children.

**Tens of thousands more people have gone on welfare and food stamps as a result of Reagan jobs, child care cuts, and work disincentives.

**Many AFDC mothers with jobs will quit and go on welfare full-time because of AFDC changes which will cause them to lose more benefits than they would gain from a job. This includes Medicaid for their children.

**800,000 children of working mothers are expected to be cut off AFDC as a result of FY 1982 cuts.

The sad fact is that when programs and supports are taken away from the most vulnerable, there is a ripple effect. Child care programs, for example, serving mixed populations lose subsidy for the working poor, experience a ceiling on AFDC child care, lose staff paid through CETA and are forced to close their doors. Middle class working families, therefore, lose their child care support. The numbers of latch-key children increases. Welfare departments report increases in child abuse and neglect calls. The quality of life in the entire community is damaged. Most affected, of course, are those children living in poor, working families or whose parents are in school and training, trying to get the skills to break the cycle of welfare dependency.

The President has urged the voluntary sector, such as the churches, to fill in the service gaps left by these budget cuts. We, as Orthodox and Protestant churches on the Child Advocacy Working Group, welcome this opportunity to go to the limits to provide these services. There is no way, however, even with the highest ethical commitment and motivation that the churches can substitute for the government in providing basic subsidies and services to those of our citizens who can not exist without them. We know this situation best, because we represent those churches across the nation.

Thank you for your attention and concern. The Child Advocacy Working Group looks forward to further opportunity to share these concerns and will watch with great interest your efforts to speak to these budget issues which so critically effect "the least of these", our children.

STATEMENT OF STATEWIDE YOUTH ADVOCACY

Statewide Youth Advocacy is pleased to submit testimony on the impact of the Administration's proposed budget cuts on children and wishes to express our appreciation to the chairmen of the two committees for holding hearings on such an important subject. Statewide Youth Advocacy, Inc. is an independent, non-profit organization engaged in research, analysis, initiation of reform efforts, and litigation affecting children in the public education, juvenile justice, and child welfare systems of New York State.

As an organization concerned with ensuring quality public services to children and adolescents, especially poor and or minority children we are dismayed at the callous indifference to whether or not America's children, all of them, have access to food, health care, education, and, when they need it, responsive remedial services, and at the disproportionately severe budget cuts America's poor, working and non-working families are being asked to sustain. We are also troubled at the new stresses these cuts will put on the parents of the children for whom services are being eliminated. Consider, for example the anguish expressed by one New York mother of a pre-school child who said:

> "I was terminated by the center because I had a debt to them that I could not pay. I could not afford the $19/week United Way fee. We were forced to send my daughter to live with relatives for three weeks while I found someone to watch her.
>
> "When we lost day care we also lost the transportation to speech therapy the center provided. My daughter has been

> so overwhelmed that her speech has badly regressed and she is stuttering again. I know her therapist would feel very bad if she knew.
>
> "At Central Intake they told me to find the money to pay the daycare center. Let the rent and utilities go, they said. They said I should learn to milk the system to survive, and that I might as well get used to being poor, because I was always going to be poor.
>
> "Why should I be forced to make these choices? But I am more upset about what's happening to my child. She is made to carry burdens that are not hers. She had a sure, safe day-to-day existence and now she doesn't have it."
>
> --A Mother in New York State

But above all, we are astonished at the absence of serious analysis of both the long and short term fiscal costs of the Reagan proposals to virtually dismantle the existing federal commitment to children and families. Indeed, our own analysis suggests the reality of the Reagan proposals is a far cry from their rhetoric that purports to favor cost effective rather than inflationary strategies.

In our view:

-It is cost ineffective and cruel to children to deny them preventive health care by requiring poor parents to pay non-existent dollars for health care visits -- as the new Medicaid proposals do. The result will be higher cost emergency care for more children.

-It is cost ineffective to eliminate incentives for services to prevent the foster care placement of a child, when such a placement often costs much more than prevention services. Yet this is what the Reagan proposal to block grant the Adoption Assistance and Child Welfare Act of 1980 will do.

-It is cost ineffective to deny pregnant women food supplements for denial only increases the risk that the babies will be underweight and likely to require high cost intensive care initially, and other specialized services throughout childhood. Yet this is what the proposal to merge the WIC (Women Infant and Children Program) with the Maternal and Child Health Block Grant will do.

-It is cost ineffective and unjust to permit no more than a three percent error rate in welfare programs and yet accept cost overruns of up to 200 percent in military programs.

-It is cost ineffective and cruel to deny federal dollars to children for immunizations, and continue to subsidize the immunizations of pets of military personnel. Yet the administration has proposed a $3-million cut in funding for children's immunizations in FY 82 (affecting about 75,000 children) and another two million cut for FY 83. But $1.4 for the program for immunizations for pets of military personnel is untouched.

-It is cost ineffective and cruel to poor families to force the children out of day care and the mothers back into welfare, yet, this is what the combined impact of AFDC cuts and loss of social services dollars will do.

Because of our grave concern about what the Administration's proposals would mean specifically for New York's children, SYA has prepared an analysis, drawing on the best data now available within the state, about the potential impact of the Reagan proposals on New York State's children. We have attached that analysis to our testimony. Here we note only that with regard to basic family support services, under the proposed Administration's budget, New York could lose between $147-213 million in AFDC benefits. Since AFDC is primarily a children's program, with close to 70 percent of the beneficiaries children, the consequences to New York State's children will be significant, particularly children of the working poor, who ironically stand to lose the most from the Reagan proposals. Similarly, proposed cuts in food stamps and Medicaid would impact much the same population. The impact of Medicaid changes, for example, in New York State would probably mean that with required payments for every visit, many parents will forego cost effective preventive and routine care and bring children for health care only in emergencies.

Equally devastating to New York's children are the Reagan proposals to dismantle the carefully crafted beginning framework of legislation that seeks to ensure children receive appropriate basic and remedial education and other services. For example — and these are only examples,

-Overall, in New York State, the State Education Department estimates that in academic year 82-83 under the Reagan educational proposal, 89,000 children will be denied remedial services and 1,800 jobs terminated. 19,000 handicapped children in state programs will be affected, along with 4,500 handicapped children in local school districts. Another 14,000 neglected and delinquent youth in state programs will have reduced educational opportunities. Similar reductions in services for 1983-84 are anticipated, with a loss of 915 jobs for teachers and close to 1,400 jobs for paraprofessionals.

-Under the Administration's proposals:

-The Women's, Infants and Children's Supplemental Food Program would be eliminated. In FY 82, the President proposed a 30 percent cut in this program, but Congress rejected his demands. Thus, basically, there was little loss of funding, although even that loss meant 200,000 persons lost benefits nationally. The WIC program now provides food to over two million people (pregnant women, infants, and children) nationally, and to 190,000 in New York State. It has been a particularly valuable program. Under the Reagan proposal, it is to be merged with the Maternal and Child Health Block Grant, which overall is slated for a 36 percent cut from its 1981 funding levels. If the program is block granted, New York is expected to lose $21-million in food supplements to children and pregnant women. If these cuts are enacted, 63,000 persons will lose services.

-In New York State, if the child welfare block grant is enacted, it will mean a substantial loss of both foster care dollars and targeted federal dollars for preventive services to strengthen New York's own landmark Child Welfare Reform Act. In FY 81, New York received $173-million dollars for foster care alone; in FY 82, they estimate receiving $123-million; and in FY 83, $102-million. Yet, the likelihood is that more children will be at risk of neglect, abuse, or removal from home because of stresses on poor families.

-In New York State any further cuts in the Social Services Block Grant program (formerly Title XX) would have devastating consequences on the availability of day care services. Additional cuts on top of those already implemented would be likely again to be particularly harmful to children of the working poor and children at risk of abuse. In New York State, it is estimated that about 46 percent of the Social Services funds have been used for day care for poor working women. In FY 82, New York State suffered a $60-million loss in Title XX funds. All over the state, counties have been reducing day care —especially for children of working parents. In FY 83, the Administration has proposed another 18 percent cut and is requiring states to pay for day care formerly funded under the open-ended AFDC program. The consequences to New York State's children will be grave.

We therefore urge this Committee, first to do everything in its power to see that there are no more cuts in funds for children's services. Second, it is vital that there be no further changes in the existing legislative framework without a serious analysis of the strengths and limits of the current framework and without a careful assessment of the expected impact of the proposed consolidations, mergers and elimination of special targeted funds.

There is no more important federal responsibility than its responsibility to children. The Reagan Administration's cavalier dismissal of this responsibility violates a very fundamental commitment to the future strength of the country.

Attachment

youth advocacy

A Communication of the Statewide Youth Advocacy Project

WHAT THE REAGAN ADMINISTRATION PROPOSES FOR CHILDREN [1]

An Analysis of Proposed FY 83 Budget and Other Changes

The Reagan Administration has asked children and poor families to bear a disproportionate share of cuts in federal expenditures.[2] It is neither just nor wise to ask the poorest and most vulnerable to bear the brunt of federal cutbacks.

In New York, the state budget has tried to compensate in some programs for the first round of cuts, but it is unlikely that the state will be able to make up for any more federal reductions, no matter how vital the affected program and services are. Below, we summarize those administration proposals which most directly affect children, and discuss the impact these would have on New York State.

The programs fall into two categories: the first provides basic supports to poor families, and the second includes those federal programs tailored specifically to meet the special needs of children and youth.[3]

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[1] In preparing this alert, SYA has drawn heavily on the budget analysis of the Children's Defense Fund. See, Children's Defense Fund, A Children's Defense Budget: An Analysis of the President's Budget and Children (Washington, DC; Children's Defense Fund, 1982), as well as material developed by SENSES (Statewide Emergency Network for Social and Economic Security) and documents and data from New York State.

[2] This, for instance, is the finding of a soon-to-be-released study by the Congressional Budget Office which reports that families with incomes under $10,000 will lose $240, families earning $10-20,000 will gain $220, and families with incomes over $80,000 will gain $13,130 through tax breaks. R. Pears, "Study of Budget Finds Poor Get Fewest Benefits," New York Times, February 27, 1982.

[3] Often these programs were developed as a direct result of clear state failure to respond to children's needs. This is especially true of P.L. 94-142, the Education for All Handicapped Children Act, which was enacted in the face of overwhelming evidence that up to half of the handicapped children in this country were being excluded from the schools, and of P.L. 96-272 which was enacted after repeated state and national studies documented the failure of states to ensure that children in foster care are placed in permanent families.

SYA
Statewide Youth Advocacy
426 Powers Building
Rochester, New York 14614

(716) 454-6419

March, 1982

BASIC SUPPORTS FOR POOR FAMILIES

The Washington administration seeks to drastically curtail the basic programs which provide minimal income, food, and health care to poor families. Although the Adminstration would have us believe that AFDC, food stamps, and medicaid benefits now go to the undeserving poor, the figures demonstrate that to a large measure these programs serve children.

Aid to Families with Dependent Children (AFDC)

- Nationally, the AFDC program was cut from seven billion dollars in fiscal year 1981 to five billion dollars in fiscal year 1982, a 14.5 percent reduction. (This huge cut was imposed even though in real dollars, i.e., adjusted for inflation, AFDC fell by 24 percent between 1969 and 1980.) In 1982, New York State alone lost $81 million, creating a loss of benefits to an estimated 37 to 50 thousand people and reducing benefits for an additional 50,000 to 85,000.
- For fiscal year 1983, the Administration proposes an additional cut of $1.2 billion, or another 17.5 percent.[4] (It also wants another $166 million cut from the fiscal year 1982 budget.)[5] For New York State, this could mean a loss of between $147 million and $213 million.

Who are the people who will be affected by these decreases in AFDC Funds? Although described as a welfare program for poor families, AFDC is primarily a children's support program: nationally, close to 70 percent of the beneficiaries are children.

- Of New York State's 1,100,000 welfare recipients, approximately 640,000 are children—thus, children account for almost 60 percent of those hurt by decreased family supports.

Similarly, children represent 50 percent of the beneficiaries for two other programs—food stamps and medicaid—which cushion the harshness of poverty for America's poorest families.

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[4] The FY 82 cuts reflect about a billion-dollar federal cut and an equal cut in state dollars. As a result, at least one million children are expected to lose benefits in 600,000 families. (It should be noted that for AFDC and the other two entitlement programs described here, it is not yet possible to do more than estimate the 1982 impact.)

The FY 83 cuts would be accomplished by such changes as eliminating the emergency assistance program, counting energy assistance as income (including income of all unrelated adults living with the AFDC family), and prorating shelter and utilities. The proposal also mandates work-fare and makes permissible an error rate of no more than three percent. All these changes hit the working poor the hardest. A University of Chicago study demonstrates that such New York families will lose $40 a month by working instead of getting welfare.

[5] A note on the federal budget process - The budget process is a complex one, and funding for FY 82 has not been finalized. Thus, the Administration continues to propose recissions (cutbacks) in proposed FY 82 levels of funding, and Congress has yet to adopt a final FY 82 budget.

Food Stamps

- In FY 82, the Food Stamp program was cut by $1.6 billion, or 13.5 percent. New York State sustained a loss of $125 million, and estimates suggest that in New York City 42,000 people lost eligibility.
- For FY 83, the Administration proposes an additional cut of $2.2 billion,[6] almost another 20 percent. For New York State, this could mean a loss of up to an additional $187 million.

Medicaid

- In FY 82, the Medicaid program was reduced by about six percent. States have responded to these reductions primarily by reducing or eliminating the "optional" services.[7] Optional services are those which states may, but are not required to, provide: clinic visits, drugs, and dental services, etc. In New York State, no significant changes have yet been made, although additional cuts would force a decrease in services.
- For FY 83, the Reagan Administration proposes a reduction of another $1.2 billion, the equivalent of close to 11 percent. For New York, the loss is estimated to be around $127 million. The cuts are likely to hurt primarily the "medically-needy," that is, the working poor who cannot afford insurance. They and their children will now be required to pay for all services and, consequently, many by necessity will seek only emergency care, foregoing the cost-effective routine and preventive services.

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6. This would be accomplished by: 1) reducing benefits by 35 cents, instead of 30 cents for every dollar of available income—producing, in effect, a 16.7 percent increase in the cost of food over the year; 2) calculating all income for benefits (up to $85 has been disregarded) which would reduce a working family's monthly food stamp allowance by $29.75, including the counting of any energy assistance payments to families as income; 3) rounding down payments to the lowest dollar; 4) denying stamps to families receiving less than $10 worth; and 5) mandating a job-search for able-bodied recipients (while also reducing state personnel responsible for providing assistance).

7. This would be accomplished primarily by further reducing the federal share for "optional" services, requiring medicaid recipients to pay part of the cost of health care ($1 to $1.50 per outpatient visit, and $1 to $2 each day in the hospital). While this may not seem like much, for a family experiencing this change along with AFDC and food stamp changes, the dollars just may not be there. The average AFDC family of four receives $550.91 per month to meet all its needs.

The budgetary changes discussed above would remove all but the barest income and program supports from poor people.[8] Were there to be no further changes, the structural network of federal regulation would, however, remain intact and the funding might be increased at some future date.

Unfortunately, the Administration is not satisfied with mere de-funding—it seeks to radically restructure the basic programs which provide minimal income, food, and health care. In the face of well-documented historical evidence of state failure to meet the needs of the poorest and the most in need of protection, especially poor children, the Reagan Administration would dismantle a system of carefully-built federal protections and turn responsibility—with significantly dminished funds—back to the states.

The Block Grant SWAP and the New Federalism

- The Administration has proposed merging food stamps and AFDC into one block grant program and turning it back to the states to administer. Although the proposal is too vague for its impact to be assessed, Administration officials have testified that some states would clearly lose.[9] Further, after four years, the states would no longer be required to maintain either AFDC or food stamps, and would be permitted to use funds now earmarked for medicaid for purposes related to basic supports for poor families. Under the SWAP proposal, 43 other federal programs would also be turned back to the states.

CHILDREN'S LEGISLATION

Without a clear rationale and without analysis of program strengths or weaknesses or cost effectiveness, the Reagan Administration has basically proposed cutting and gutting virtually all federal programs targeted specifically for children. Below, we summarize the Administration's position.

Education of Children

Federal assistance to the states for the education of children has focused primarily on ensuring an adequate response to both poor and handicapped children. In these areas, the following changes have been proposed:

- P.L. 94-192. Enacted in 1975, the Education for All Handicapped Children Act sets a framework to ensure that the special educational needs of handicapped children are met.

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[8] If the current proposals are enacted, those families trying to survive with cuts in AFDC, food stamps, and medicaid would also be forced to cope with cuts in other related basic support programs: Low Income Energy Assistance, Housing Assistance, and job-related programs.

[9] For instance, for each state to mount a food stamp program, each state would have to print its own food stamps, safeguard the stamps from counterfeiting, arrange for the destruction after use, etc. All administrative functions are now performed by the USDA at obviously less cost than it would take to mount 50 programs.

Federal dollars for the program have never been adequate but the law has defined the rights of handicapped children and provided parents with the means to insist their children receive an education. The Reagan Administration seeks to reduce the already low level of federal support by another 29 percent for this program, and more importantly, to repeal the law, replace it with a block grant,[10] and eliminate the special protections it affords the children.[11]

- Title I. In FY 82, the Compensatory Education program enacted in 1964 underwent major revisions. It became Chapter I of the Education Consolidation and Improvement Act, and sustained cuts of 19 percent thus far. In addition, the requirement that the program funds be targeted to poor children was seriously weakened, as were provisions to encourage the involvement of poor parents in education decisions. In New York State, those cuts are already being felt.
- In FY 1983, the Administration proposes an additional cut of 32.7 percent, and a recission of $400 million in FY 82 funds. Overall, the cuts, adjusted for inflation, represent a 50 percent loss in federal investment in the education of poor children,[12] despite documented evidence that Title I has had a substantial impact on improving the reading and math achievements of children receiving Title I services.
- In addition, in FY 82, many other educational programs involving basic skills, enrichment, and desegregation efforts were combined into a block grant as Chapter I of ECIA. Funding for these programs was also cut by about 50 percent, with dramatic impact already visible in New York State. Thus, because of changes in the federal distribution formula, urban areas in New York State are experiencing reductions of up to 90 percent.
- Overall, in New York State, the State Education Department estimates that in academic year 82-83, 89,000 poor children will be denied remedial services and 1,800 jobs terminated. 19,000 handicapped children in state programs will be affected, along with 4,500 handicapped children in local school districts. Another 14,000 neglected and delinquent youth in state programs will have reduced educational opportunities. Similar reductions in services for 1983-84 are anticipated, with a loss of 915 jobs for teachers and close to 1,400 jobs for paraprofessionals.

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10. The block grant would include the state grants' portion of P.L. 94-142, the preschool incentive grants, and the former P.L. 89-313 (a program to aid handicapped children in state schools and institutions). The block grant would be funded at $772 million.

11. Regulatory changes, substantially weakening the law, are already being drafted.

12. The Administration has also proposed a 50 percent cut in Pell grants now available to the poorest students in college. In New York State between 1981 and 1984, a staggering loss of roughly $650 million in aid directed toward higher education is anticipated if the Reagan budget is enacted.

Feeding Poor Children

In addition to cutting food stamp allocations, the Reagan Administration has also slashed special children's nutrition programs. These programs include the following:

- The School Lunch Program[13] in FY 82 was cut by 10 percent, and 1,500 schools withdrew from the program. This year, the Reagan Administration proposed freezing the program at FY 82 levels. In New York State, although all but a few school districts continue in the program, the price of reduced lunches has significantly increased (sometimes by as much as 40 cents).
- The School Breakfast Program, which now nationally serves 33,000 children (close to 90 percent of whom are poor or nearly poor) and the Child Care Food Program (providing assistance to day care, Head Start, and residential treatment centers) would both be eliminated. They would be merged into a block grant with funding reduction from $735 million to $488 million. In addition, future funding levels would be frozen.
- The special Summer Feeding Programs and special Milk Programs for schools too poor to provide food services would be completely eliminated.
- The Women's, Infants and Children's Supplemental Food Program would be eliminated. In FY 82, the President proposed a 30 percent cut in this program, but Congress rejected his demands. Thus, basically, there was little loss of funding, although even that loss meant 200,000 persons lost benefits nationally. The WIC program now provides food to over two million people (pregnant women, infants, and children) nationally, and to 190,000 in New York State. It has been a particularly valuable program.[15] Under the Reagan proposal, it is to be merged with the Maternal and Child Health Block Grant, which overall is slated for a 36 percent cut from its 1981 funding levels. If enacted in New York, a loss of $21 million in food supplements to children and pregnant women is anticipated. If these cuts are enacted, 63,000 persons will lose services.

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13. While this does not seem like a huge cut, and was intended to reduce the base payment for nonpoor students, in fact the real consequence was to affect all children because so many schools withdrew from the program. Thus, the savings to the federal government will be greater than anticipated, and the loss to the children also greater.

14. A study by the General Accounting Office found that WIC and the school breakfast program are the most nutritionally and cost-effective of the child food programs.

15. One study, conducted at Harvard, found every one dollar investment in WIC saves three dollars in hospital costs.

Protecting Homeless, Abused, and Troubled Youth

- P.L. 96-272. Enacted in 1980, the Adoption Assistance and Child Welfare Act defines protections for abused, dependent and neglected children in foster care, and provides targeted funds to enable them to remain with their own families or, if that is not possible, to be adopted. The legislation received strong bi-partisan support. In FY 82, the Administration sought its repeal and a reduction in anticipated funds targeted for cost-effective services to children at risk of, or in, out-of-home placement.
- For FY 83, the Administration has again proposed to repeal P.L. 96-272, create a block grant, and drastically limit funds for child welfare services. The programs in the block grant (including child welfare services, child welfare training, foster care, and adoption assistance) would be funded at $380 million, 46 percent below what Congress anticipated in enacting P.L. 96-272 and 18 percent below last year's funding levels. Further, under the block grant, neither the foster care nor the adoption assistance would be an entitlement program.[16]
- In New York State, if the child welfare block grant is enacted, it will mean a substantial loss of both foster care dollars and targeted federal dollars for preventive services to strengthen New York's own landmark Child Welfare Reform Act. In FY 81, New York received $173 million dollars for foster care alone; in FY 82, they estimate receiving $123 million; and in FY 83, $102 million. Yet, the likelihood is that more children will be at risk of neglect, abuse, or removal from home because of stresses on poor families.
- The Administration has proposed cutting by $2 million (but not repealing) the Child Abuse Prevention and Treatment Act, which provides limited funds to states.
- The Reagan Administration has for the second year in a row proposed the elimination of the Juvenile Justice and Delinquency Prevention legislation, requesting zero funding for it. In addition, they have proposed a cut from $11 to $7 million in funds for runaway youth.

Caring for Young Children

Child care for young children makes it possible for women and single parents to work. It provides a way to identify and help handicapped children early, and it provides a way to foster healthy development in children. Although there is no one federal program which establishes and supports day care for young children, the two major federal programs which now provide funds for programs for preschool children are both threatened. (The Administration did not propose any change in the tax credits available for day care for nonpoor families.)

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[16] The foster care program has been an entitlement since 1935, in recognition of public responsibility to protect neglected and dependent children from harm. In 1980, in recognition of the obvious psychological and cost benefits of adoption over the maintenance of children in long-term foster care, the provision of federal funds to enable the adoption of children was made an entitlement.

- Head Start. Nationally, Head Start serves about 337,000 children; in New York, 16,000 children are in the program. In FY 82, although Head Start received some cuts, it did not suffer a funding loss comparable to other programs. Equally important, the capacity of this program to provide nutritional and health care has been undermined by the cuts in child nutrition and health programs. In FY 83, the President has not proposed a substantial cut, but the real threat is in fact the admininstration proposal to weaken the quality of the program by changing existing performance standards.
- Title XX. The other major federal source of day care funds is through the Social Services Block Grant (formerly Title XX). Nationally, a substantial proportion of those funds has been used for health care. In New York State, it is estimated that about 46 percent of the funds have been used for poor working women. In FY 82, New York State suffered a $60 million loss in Title XX funds. All over the state, counties have been reducing day care—especially for children of working parents. In FY 83, the Administration has proposed another 18 percent cut and is requiring states to pay for day care formerly funded under the open-ended AFDC program.

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For updated information on these issues, call:

Children's Defense Fund 800-424-9602

or

Statewide Youth Advocacy 716-454-5419

youth advocacy

A Communication of the Statewide Youth Advocacy Project

ADVOCACY ALERT

NEW YORK'S CHILDREN AND THE PROPOSED 1983 FEDERAL BUDGET

In February, President Reagan submitted his budget. Once again, poor children and their families are singled out for a disproportionate share of the cuts.

Together the Administration's FY 82 and FY 83 budget proposals would cut FY 81 funding levels by:

46 percent in child welfare programs which provide foster homes, adoptive services and subsidy, and preventive and protective services

50 percent in child nutrition programs which provide school breakfasts, child care feeding and summer food for low income children

30 percent in educational programs for handicapped children

50 percent in compensatory education programs for poor children

36 percent in social services — Title XX funding which has been the major source of day care

100 percent of juvenile justice and deliquency prevention programs which have provided community-based services and reform of the juvenile justice system

And, the Administration has proposed massive changes in AFDC (Aid to Families with Dependent Children), Food Stamps, and Medicaid, basic support programs for families with children.

YOU CAN HELP STOP THE CUTS

In contrast to 1981, today people all over the country—Democrats and Republicans alike—are saying "Enough" and are beginning to suggest alternatives to the administration's FY 83 budget.

It is urgent that the voices of children's advocates be heard in New York State, both to strengthen the members of the N.Y. Congressional delegation who have been staunch allies of children, and to educate those who have not been sympathetic to children's issues about what the loss of federal programs, protections and dollars for children will mean to N.Y. State's children. Your help is urgently needed.

These pages highlight the problems with the Administration's proposals and define advocacy steps to be taken. A more detailed analysis of the Reagan proposals for children and a discussion (to the extent possible) of their likely impact in N.Y. State is attached or available from SYA.

WHAT IS LIKELY TO HAPPEN

All the signs are that the Reagan budget will not pass intact. There is widespread concern that the burdens imposed on poor families are simply too inequitable and that neither the administration tax strategy nor its stand on the military budget is in the economic interest of this country.

Congress will soon begin to negotiate with the White House. There will be attempts to reduce the deficit, probably through requests for and revision of the tax cuts of 1981 and reductions in projected military expenditures. Still, unless Congress takes a strong stand against further budget cuts in social programs, the President's reductions in many areas are likely to be enacted.

WHY THE REAGAN PROPOSALS MAKE NO SENSE

The Reagan proposals for children make no sense — for the children or the taxpayers.

-It is cost ineffective and cruel to children to deny them preventive health care by requiring poor parents to pay non-existent dollars for health care visits — as the new Medicaid proposals do. The result will be higher cost emergency care for more children.

-It is cost ineffective to eliminate incentives for services to prevent the foster care placement of a child, when such a placement often costs much more than prevention services. Yet this is what the Reagan proposal to block grant the Adoption Assistance and Child Welfare Act of 1980 will do.

-It is cost ineffective to deny pregnant women food supplements, for denial only increases the risk that the babies will be underweight and likely to require high cost intensive care initially, and other specialized services throughout childhood. Yet this is what the proposal to merge the WIC (Women Infant and Children Program) with the Maternal and Child Health Block Grant will do.

-It is cost ineffective and unjust to permit no more than a three percent error rate in welfare programs and yet accept cost overruns of up to 200 percent in military programs.

-It is cost ineffective and cruel to deny federal dollars to children for immunizations, and continue to subsidize the immunizations of pets of military personnel. Yet the administration has proposed a $3-million cut in funding for children's immunizations in FY 82 (affecting about 75,000 children) and another two million cut for FY 83. But $1.4 for the program for immunizations for pets of military personnel is untouched.

-It is cost ineffective and cruel to poor families to force the children out of day care and the mothers back into welfare, yet, this is what the combined impact of AFDC cuts and loss of social services' dollars will do.

-It is cruel and unjust to make poor children and families bear a disproportionate share of budget cuts. Yet non-partisan analysis shows this is in fact what the administration would do.*

1981-1982 BUDGET CUTS ARE HURTING CHILDREN NOW!

1981 reductions have been most visible in day care, welfare and nutrition programs. The following quotes are from a recent day care survey in a N.Y. county.

> "I was terminated by the center because I had a debt to them that I could not pay. I could not afford the $19/week United Way fee. We were forced to send my daughter to live with relatives for three weeks while I found someone to watch her.
>
> "When we lost day care we also lost the transportation to speech therapy the center provided. My daughter has been so overwhelmed that her speech has badly regressed and she is stuttering again. I know her therapist would feel very bad if she knew.
>
> "At Central Intake they told me to find the money to pay the daycare center. Let the rent and utilities go, they said. They said I should learn to milk the system to survive, and that I might as well get used to being poor, because I was always going to be poor.
>
> "Why should I be forced to make these choices? But I am more upset about what's happening to my child. She is made to carry burdens that are not hers. She had a sure, safe day-to-day existence and now she doesn't have it."
>
> —A Mother in New York State

WHY CHILDREN'S ADVOCATES MUST ACT NOW

Notwithstanding the apparent mood of the Congress, strong and immediate action by those who care about children is important. It is important for four reasons.

First, the administration has in the past been very effective in securing its own goals, despite evidence of strong opposition.

The second reason children's advocates must act is that what is at stake for children is more, much more than the loss of dollars. What is at stake is the loss of a federal statutory framework for children. Although this framework is not perfect, it ensures that the children have minimal health and educational opportunities, and that homeless children are protected. It reflects an investment in America's children which is also, in many instances, demonstrably cost efficient. The danger is that unless advocates act, we may hold onto some of the money now spent for children but lose the statutory framework that makes those monies work effectively for them.

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*For a detailed analysis of the administration's proposals reflected in these paragraphs, see SYA's "Analysis of FY 83 Proposed Federal Budget Changes," attached or available from SYA.

The third reason why advocates must act is that despite the concerns of children's advocates, little about what really is at stake for children has become clear to the media or the Congress. Therefore, unless children's advocates make known the issues, the children may simply get lost in the many budget decisions Congress must make. We cannot let that happen.

The fourth reason that children's advocates must act is that without substantial pressure, the state will not pick up the deficits. It is clear that the new federalism strategy has already turned over substantial power—but not funds—to the states. This means it is also important to let state legislators know of people's concerns about children. As advocates, we must develop a broad-based constituency for children and youth—a constituency composed of church goers, civic organizations, youth groups and other students—a constituency that can influence the big budget decisions of local and state law makers—a constituency with clout!

WHAT THOSE CONCERNED ABOUT CHILDREN CAN DO ABOUT FEDERAL CHANGES

Contact Senators D'Amato and Moynihan and your congressmen.* Congressmen Conable, Fish, Gilman, Green, Horten, Kemp and Solarz particularly need to hear from you. Urge them to oppose any further funding cuts and changes in children's programs. Specifically, ask that they:

-Oppose repeal of any cuts in the Education for All Handicapped Children Act and the 50 percent reduction in compensatory education program.

-Oppose repeal of the Adoption Assistance Child Welfare Act of 1980 and any further cuts in its funds.

-Oppose the merger of the WIC program into the Maternal and Child Health Block Grant and any cuts in current caseloads.

-Oppose combining the School Breakfast Program and the Child Care Feeding Program into a Block Grant and any further cuts.

*Attached are the names and addresses of the N.Y. Congressional delegates.

-Oppose the elimination of other special food programs.

-Oppose any further reductions in benefit levels for Food Stamps and AFDC.

Find out what is happening in your communities. Write letters to your local newspapers; call and write your local congressmen and New York's senators to point out the disastrous effects federal budget cuts will have locally.

WHAT THOSE CONCERNED ABOUT CHILDREN CAN DO TO SECURE STATE SUPPORT FOR THOSE MOST SERIOUSLY AFFECTED.

1. PARTICIPATE IN CHILD WATCH

Learn about the impact of cuts today in our communities. To assist that process SYA has taken on the responsibility of coordination and training of local Child Watch volunteers. Using materials developed by the Children's Defense Fund in collaboration with the Association of Junior Leagues, local Child Watch groups will monitor effects of cuts on child care, medical care, welfare and child welfare. This project is endorsed by Church Women United, United Methodist Women, Lutheran Church of America, Council of Jewish Welfare Federations, League of United Latin American Citizens, National Association for Education of Young Children, Southern Rural Women's Network, National Council of Negro Women and the YWCA. Call Margery Rosen of SYA staff, 716-454-5419, if you and your organization are interested in participation.

2. HELP DEVELOP THE CHILDREN'S NETWORK

Speak to gatherings of religious and civic organizations and student groups to discuss the implications of the cuts and to secure their membership in the Children's Network, and their pledge to write postcards to legislators. Enclosed please find pledge materials which you should distribute and collect at each gathering. Mail them to:

Network Volunteer
432 Powers Building
Rochester, N.Y. 14614

3. BECOME POLITICALLY INVOLVED

You may wish to be involved in voter registration or efforts to elect persons committed to the welfare of children to public office. A Political Action Committee to Protect Children and Youth has been formed, independent of any existing advocacy group. Fundraising for its efforts to target at state races is now underway. Your support will be needed.

For more information, call Eve Block or other SYA staff, 716-454-5419.

STATEMENT OF THE DEPARTMENT OF HUMAN WELFARE, UNITED METHODIST CHURCH GENERAL BOARD OF CHURCH AND SOCIETY

PREFACE

The Department of Human Welfare of the General Board of Church and Society of the United Methodist Church is pleased to submit this testimony to the Committee on Ways and Means' Subcommittee on Oversight and the Committee on Energy and Commerce's Subcommittee on Health and the Environment for the record of their Joint Hearing. The Department of Human Welfare has been charged by the United Methodist Church to advocate for the needs of children. Such advocacy is largely the result of policy resolutions and issue statements voted by representatives from each judicatory (regional cluster) of the Church. At the conclusion of this testimony, we have enclosed copies of statements germane to the focus of this hearing.

We greatly appreciate the opportunity to testify on behalf of our nation's children, especially the poorest of these. We applaud the leadership of Congressman Rangel and Congressman Waxman in attempting to assess negative impact before making the increasingly difficult decisions regarding funding levels of those programs of benefit to our nation's children. We would welcome any future opportunities to present testimony before either subcommittee or joint hearings.

Dr. Beverly Roberson Jackson
Director
Department of Human Welfare

In preparing this testimony the agencies of the church that provides direct services to families through our mission agency were contacted. Thus the focus of this presentation will be two fold: 1). a general overview of the impact of budget cuts on children and their families and 2). specific survival problems faced by our church-sponsored programs.

With last year's shifting of funds from human needs programs to defense spending by the Administration and Congress, more than one out of five dollars was taken from needy children and families. A wide spread assault was made on families with children. This assault, and a number of other initiatives (e.g. the latest proposal for a New Federalism), were extremely myopic. The historical rationale for initiating various services to children was completely forgotten.

For example, this nation had devoted a portion of its resources to immunization programs. The purpose of these programs was not only to prevent pain and illness to children but also as a cost-effective method of preventive health care. It costs much more to hospitalize and care for a child or provide the long term medical care for a child handicapped by disease than to provide (this includes production distribution and administering) innoculation. The proposed cuts in this program for FY 83 are extremely short-sighted, and unfair. When there are no cuts in the military program to subsidize the innoculation the pets of service personnel (which is 1/2 the cost of the full program for this nation's children), what implicit value judgement has been made?

The health services area for mothers and children is facing equally as short-sighted cuts in a variety of other areas. Last year there was a 30% cut in funding from the FY 81 levels in the newly created Maternal and Child Health Block Grant which includes all of Title V (maternal and child health and the crippled childrens fund), sudden infant death syndrome funds, hemophillia services, genetic disease control, rehabilitation services for disabled children and adolescent pregnancy programs. The block grant seems to be a convienent tool for enabling a broad range of services to be cut back without careful future impact analysis on clients or the health care system.

Please find attached an impact statement (within a fundraising letter,Article 1 from Texas regarding just one of the smaller components of the block grants. This letter was submitted to our Church's Council of Bishops and forwarded by them to me. In response to the administration's general attack on families as demonstrated by the fierce assault on their needs from the poorest of the poor through the struggling middle class (e.g. food stamps, college loans and grants). The Council of Bishops issued this statement in November 1981.
The Council of Biships , a body consisting of all of the Bishops of The United Methodist Church issued the statement of concern that follows:

A STATEMENT OF CONCERN
THE COUNCIL OF BISHOPS
OF
THE UNITED METHODIST CHURCH
November 20, 1981*

The Carnegie Council on Children study in 1977 reported that one-fourth to one-third of all American children are born into families with financial strains so great that the children will suffer basic deprivation.

The White House Conference on Families (1980) involved over 100,000 persons in regional and national hearings on the needs of families. Most of the top recommendations coming out of these deliberations had to do with economic concerns of family units:

- * Family-oriented personnel policies -- flextime, leave policies, shared or part-time jobs.
- * Assistance to families with a handicapped member.
- * Programs to allow home care for aging persons.
- * Tax reforms and day-care programs both to assist full-time homemakers and to allow mothers to work.
- * Policies to provide for full employment and the ending of of employment discrimination.
- * Coherent energy and inflation policies.

The Gallup Poll taken as a part of the White House Conference study included:

"The cost of living, energy costs, and government policies (which hurt families) are the most important problems" facing families, in the opinion of most Americans.

"Health care assistance, assistance to poor families, provisions of child care, guaranteed jobs for parents" are strongly supported by Americans.

Drug and alcohol abuse, family violence related to economic stress in families, were also top concerns.

The Methodist Bishops (all four Methodist bodies) meeting in March (1981) in Atlanta, said:

> "We call upon Methodist people to urge the present administration to reconsider the drastic cuts it has proposed related to the food stamp program, legal aid services, educational assistance, health

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*Adapted from a similar statement adopted by the Board of Discipleship on October 13, 1981, and by the Family Life Committee on November 7, 1981.

care, job training, and other programs designed to reinforce the general welfare of the poor and disadvantaged of the United States."

As the legislation shapes up, the data begins to come in to document the tragic consequences for poor families of policies which will shift $30 billion from social programs to armaments production.

The Atlanta-based Southern Regional Council made public recently a report entitled "The New Federal Budget and the South's Poor." They charge that the Reagan administration's approach to slashing Federal spending on programs related to health and jobs had "transformed the war on poverty of 15 years ago into a war on the poor today."

The benefits of as many as half of the South's poor who now receive government assistance may be reduced or eliminated by the end of 1982, the study found. This means a worsening of the vicious cycle that keeps people poor.

The conclusion of the Council was based on a study of four programs which have raised the standard of living for millions of people in the Wouth: AFDC (Aid to Families with Dependent Children), Food Stamps, CETA (Comprehensive Employment Training Act), and Medicaid.

The gutting of these programs "will force people who cannot work deeper into poverty, and will undercut what little incentive already exists to work for those who can." (See New York Times, 10-12-81).

We call on every local church congregation --

to make the needs of the poor a matter of continuing, prayerful concern,

to examine the needs of the families in their local community,

to become actively involved in providing support and sustenance to families in need,

to go beyond simple charity to examine the policies and institutions that affect the family on the local, state, and national levels.

Special emphasis needs to be given by families, communities, churches, and social agencies to the health, educational, economic, and spiritual well-being of the aged. These persons suffer especially from the brunt of the federal reallocation of budgetary funds from social to military programs.

In addition to being private nurturers, parents and all who care about growing children need to become public advocates of children's interests, which are affected by employment policies, and opportunities, and the degree of social justice in the nation.

As we work to equip persons to become effective disciples of Christ, let us enable them not only to be skilled in Christian education, worship, evangelism, counseling, and pastoral care, but also effective community organizers of self-help and mutual-support programs, and strong advocates for public policies that strengthen families and meet the basic needs of children, youth, and the elderly.

End of Article

It is impossible to ignore the underlying, actual if not intended, theme of contempt for the poor that is exemplified in the full range of health care cuts from medicaid through community, migrant and Indian health service grants. Although the brunt of the pain, illness and death falls upon the poor, everyone who becomes ill will pay part of the financial cost. Whenever a hospital has to make-up the cost of care for an uninsured or poorly insured patient, those costs are passed on to other consumers.

In order to qualify for Medicaid, a child must already be among the poorest of the poor. A child and an elderly person can have the same family income resources and the elderly person would be eligible for Medicaid and the child would not. The request is not that the elderly be cut back, but that this nation clearly examine its commitment, if any, to the future.

The diabolical cuts projected for the health care system are a double assault on the programs that aid the poor. Community and migrant health programs will lose funds through cuts in the Primary Care Block Grant as well as through regulatory and budgetary changes in Medicaid.

In 1981, 40 Community Health Centers closed, causing almost 200,000 people to lose health care services. Mothers and children make up over half the population served (estimates up to 80%). This insidious assault should not be tolerated by people of conscience.

Within the church, our congregations are faced with difficulties. We hear about the struggles of our various agencies with the increased needs of people within this nation. Our higher education agencies are flooded with requests for scholarship aid and our caring institutions for children and the elderly are calling for increased giving. Meanwhile our community-based programs are flooded with need at the same time that their resources are shrinking.

United Methodist agencies, like those of most other churches, accepted some federal programs in employment, nutrition and pilot-funding in order to serve a greater number of Community residents. Many of them are filled to capacity and are struggling to keep from turning away the needy. The following four examples are just a sample of the most difficult problems faced by many of our community centers.

Oklahoma City - Bethlehem Clinic

"In our community clinic we are unable to obtain a doctor to deliver indigent or low-income women of their babies. Doctors cannot deliver at a hospital without staff priviledge and hospitals will not admit a doctor who is just a resident who is willing to serve our clinic. The salary we can pay (as a church supported clinic) does not attract a full time doctor. Hospitals limit charity cases or refuse medicaid cases because payment is too low" -Ms. Davis

Winston-Salem -Bethlehem Center

"The center has already lost 22-50% of its 1982 Child Nutrition funds. There is also a probable loss of funds for day care. Eighty-five percent of our day care budget is from social services (block grant). We have had to terminate the children whose mothers are in college. Their grandparents take care of them but they have lost the benefit of the educational program."

- Ms. Wilks

Louisville, Kentucky

"Women in school who are getting AFDC are unable to get subsidized care. For example: a mother of three who got a grant (an educational grant to study) for medical assistant is not eligible for any subsidized care. We try to provide care for children who cannot pay but the burden may cause us to close the center." - Ms. Clipper.

New Orleans - St. Marks

"Our state is totally unprepared to administer the block grant. We are constantly being given random, conflicting, contradicting information regarding what we can or cannot do. For example we have been told that the working poor parents of children in our day care will no longer be eligible. They may decide differently next week as they have on many other issues this year." -Ms. Watts

In summation, the fallacious and implicit proposal that social program spending is the cause of all of our monetary programs has been disproven. Last year congress gave the President almost all of the social spending cuts he requested. His inherited budget deficit of $76 billion has grown to estimates of $120 billion an increase of 60%. A new analysis of the problem is needed. To merely cut or freeze the deficit is not the answer. There must be an examination of tax policy - (e.g. who will help the economy), employment policy (what would a full employment economy contribute to the revenue picture) and military policy (e.g. the cost overruns in just twelve aircraft and missile program would fund all health, education and basic needs programs and suggests the need for an evualuation and action plan in this area).

This country is facing not only an economic crisis, but a crisis of conscience regarding its children and the future. This is a time for taking courageous stands that are well thought out with a thorough analysis of short and long term impacts.

ARTICLE I

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FEB 12 1982

The United Methodist Church
Attn: Pres. Bishop Ralph T. Alton
100 Maryland Ave.
Washington, DC 20002

January 25, 1982

Dear Bishop Alton:

The Sudden Infant Death Syndrome (SIDS) Counseling and Information Center is a federal grant project presently funded by Health and Human Services through the University of Texas Health Science Center at Dallas. The Center was established in 1978. Since that time, the Center's salaried staff of one full time coordinator, one part time nurse and one part time secretary have offered crisis intervention counseling to over 350 families who have lost young infants suddenly and unexpectedly to SIDS, educated over 4000 officials (Justice of the Peace, police officers, sheriffs, firemen, emergency room personnel) who have come in contact with SIDS, and offered over 400 hours of instruction on SIDS.

Considering that federal funds will cease as of June, 1982, the Center turned to the private sector for support. The Moody Foundation has generously awarded the Center a grant award of $33,000. In order to receive this award, the Center must seek matching funds as defined by the Moody Foundation's conditions. Any donation, in any amount, will help the center closer to its goal. They need your support to continue to offer assistance to families whose lives have been devastated by the tragedy of an infant death.

Sudden Infant Death Syndrome, more commonly referred to as "Crib Death", is the sudden unexpected death of an apparently healthy infant between the ages of one month and one year of age. SIDS is a major medical and social problem which affects approximately three infants for every 1,000 live births in the United States with an estimated total of 10,000 per year.

From my 30 years experience as a Family Practioner, I know that sudden unexpected death in infancy is one of the most dramatic of medical problems. A common response by parents to the sudden death of their infant is anger directed at the physician, particularly if the physician had recently seen the child at a checkup and pronounced the child well.

The anger represents the parents' frustration in dealing with an irrational situation. Often the anger is directed toward the spouse. At the Center in Dallas, a large majority of SIDS parents' marriages end in divorce and the parents sometimes have no other children. As one parent told the Center: "Divorce and childlessness are not the same as loss by death, but not having what you might have had is another kind of loss that can go very deep." Families who have experienced SIDS are struck with feelings of guilt, anger, frustration and fear. The Dallas Center reports 50% of all SIDS parents never going back home after the loss of their infant. Virtually every parent feels responsible for the death of his child and blames himself. Not only do friends, neighbors, officials and relatives blame the grief stricken parents, but police and health professionals subject parents to insensitive interrogations and falsely accuse them of child abuse. In Tyler, TX. three months ago, parents of a SIDS infant were subjected to accusations of neglect before the final autopsy report was completed. The legal systems become involved. Parents who have taken the infant into their own bed to sleep suffer exceptional anguish because they are accused of inadvertently suffocating their child. Misconceptions about SIDS abound and one of the most harmful is this association of SIDS with suffocation both deliberate and accidental.

For the family that experiences SIDS, talk of prevention comes too late. The SIDS Center is there to make sure that the family emerges with a good conscience- that the tragedy of this child's death is not compounded by misunderstandings and recriminations. Families benefit from immediate counseling in the form of a letter with SIDS or grief literature enclosed, a phone call with preliminary cause of death and/or a home visit by a qualified nurse or counselor. All first responders are educated about the SIDS problem, so parents will not have to endure insensitive remarks or false accusations. To have the burden of guilt lifted as early as possible is enormously helpful to bereaved parents. With the SIDS Center support, this is being accomplished.

The Center is located in the Institute of Forensic Sciences in Dallas, TX. The Institute houses the Dallas County Medical Examiners Office, which is responsible for investigating sudden, unexpected deaths. Few autopsies were performed prior to the project due to lack of proper medical facilities and insufficient funds. Since 1978, 97 out-of-county autopsies have been performed with the project providing payment for 59 of these cases.

Now that the project has established itself as a nucleus to the SIDS parents, the Public Health Departments and Law Enforcement agencies, they are in a particularly advantageous position to intervene at crucial moments in the lives of individuals and help all families who have lost young infants. The Federal Government has seen the necessity of offering counseling to this particular segment of infant deaths (SIDS). However, there is a demonstrated need to expand these services and encompass ALL TYPES OF SUDDEN AND UNEXPECTED DEATHS IN INFANCY.

END ARTICLE I

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